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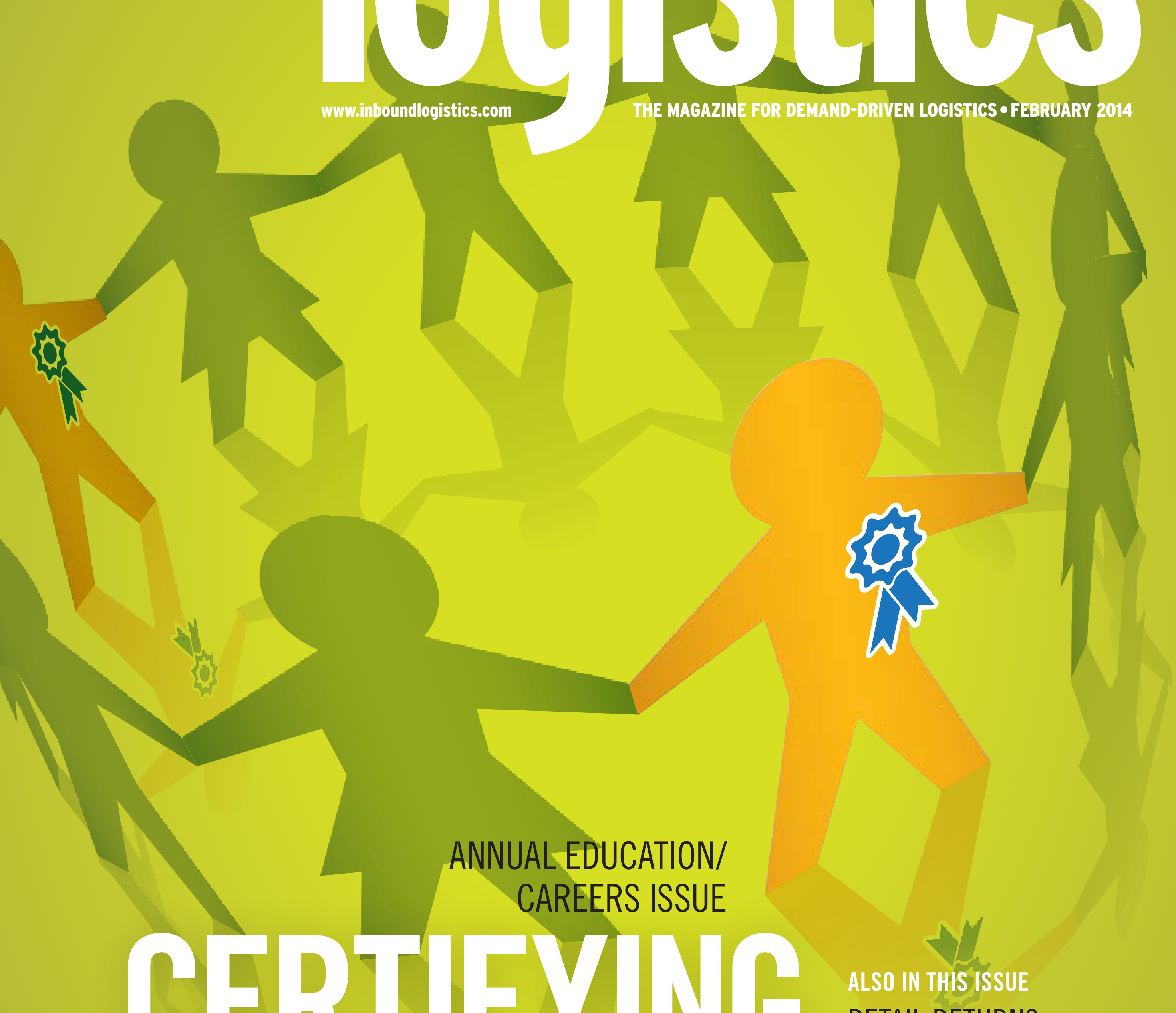

ANNUAL EDUCATION/
CAREERS ISSUE

CERTIFYING SUCCESS

ALSO IN THIS ISSUE

RETAIL RETURNS: THE GOOD, THE BAD, THE UGLY

THE BEAUTY OF COSMETICS LOGISTICS

WINNING THE SAME-DAY DELIVERY RACE

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THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS

SAME-DAY DELIVERY *page 63*

February 2014 • Vol. 34 • No. 2

INSIGHT

INFOCUS

INPRACTICE

INDEPTH

CHECKINGIN

Felecia Stratton

by Felecia Stratton | **Editor**

Benchmarking Career Development

When a professional discipline evolves at hyper speed, career development follows. But actually, it should lead. Keeping up with change–often precipitated by new generations of talent, innovation, and technological know-how–instinctively raises expectations, and inspires personal growth and enrichment.

That's particularly true of supply chain management. In a literal sense, learning on the job is part and parcel of any logistician's day-to-day experience. Countless new wrinkles and challenges arise daily, defying even the best-prepared plans. There's no better education than that hands-on experience.

At a macro level, there are similar reasons to expand your supply chain knowledge and skillset. Technology and standards are changing. New strategies and best practices continue to emerge. Practitioners need to maintain their edge to ensure their organizations stay ahead of the curve.

This type of measured progression is part of the logistician's DNA. Metrics, KPIs, and standards command this industry. Business logistics managers rarely find benchmarks they don't like. That analytical drive for detail propels organizations to a higher and deeper supply chain consciousness.

But in today's business climate, you must be proactive. It's little wonder that undergraduate and post-graduate degrees, professional development programs, and certifications have become such an important part of this industry. Logisticians expect as much from themselves as they do a product's lifecycle–and they measure accordingly.

Inbound Logistics' annual education/career development issue focuses on how supply chain professionals can use certifications and certificates to not only expand their knowledge, but their career horizons as well. Merrill Douglas' feature article *(page 36)* considers the whys and wherefores of accredited and certificate programs, offers anecdotal examples of personal successes, and provides a primer for how you can take the next step in your career.

In this issue's *Reader Profile (page 10)*, Jason Shefrin relates his career progression from working at a boutique consultancy out of college, moving to a software vendor, then to American Greetings, and finally to his current position as executive vice president, global sourcing, for housewares manufacturer InterDesign. Along the way, he managed to complete an MBA in international business and finance–experience and knowledge that play well in his current job.

Use this issue as a helpful beacon as you progress along your own supply chain journey. If you have any suggestions on how we can help you raise the bar, and reach new career mile-markers, I'd love to hear from you: *editor@inboundlogistics.com* ■

inbound logistics

Vol. 34, No. 2 February 2014

THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS

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"Most folks in our field are inundated with information, and are reducing the amount of data they receive due to time limitations. But we're not cutting *Inbound Logistics*!"

—Dennis Webber, Interstate Brick

Inbound Logistics
29 JAN 2014
Can India Overcome Supply Chain Obstacles? lnkd.in/dYzSwfg

Larry Stetz
It is well known in supply chain circles that India still has serious issues with supply chain infrastructure. My question is, will a change in government fix that? What is really preventing India from modernizing that infrastructure? Is it political squabbles between the main government and local governments? Is it a lack of funding, or a lack of willpower to make it happen? Does culture come into play? Is the caste system a hindrance to making those improvements? I'd like to see someone do an in-depth article on what those issues are.

CarrierDirect @CarrierDirect
17 FEB 2014
@JettMcCandless talks about the commoditization of LTL carriers and what that means for 3PL engagement in @ILMagazine goo.gl/HvFJwr

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Carriers need to look beyond cost-cutting when it comes to building a core carrier program says @ILMagazine. goo.gl/TQbKSE

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AIMMS @AIMMS
18 FEB 2014
Setting the E-Commerce Gold Standard ow.ly/tJKLB - great interview with @Gilt's Chris Halkyard on @ILMagazine

I really enjoyed Amy Roach Partridge's Big Data piece in the last issue *(Materials Handling Meets Big Data, January 2014)*. It is not an easy issue to get your hands around, and you did a great job explaining many of the intricacies of the topic.

Ron Margulis, RAM Communications

You publish an outstanding magazine with well-founded articles—relative, sharp, to the point, and worth the professional's time to read and file for future reference. Thank you for the time and effort you put forth in publishing such an excellent guide to the innocuous profession of logistics. Your articles on third-party intermodal and crossdocks are spot on. Keep up the good work; we are depending on you!

Patrick Jolley, General Manager-Rail, CEVA Logistics

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10TIPS

STEP-BY-STEP SOLUTIONS

Deborah Catalano Ruriani

Boosting Warehouse Productivity

Achieving warehouse productivity goals such as reducing picking times and increasing throughput rates can be challenging. Chris Castaldi, director of business development at Carlstadt, N.J.-based materials handling systems integrator W&H Systems, offers these tips for improving warehouse productivity.

1 **Use automated picking operations.** Pick-to-voice or pick-to-light systems speed picking and reduce errors by quickly providing pickers information on item location and quantity. These systems eliminate the need to search for the item number and quantity on a piece of paper.

2 **Try goods-to-person technology.** These solutions bring the items to be picked to the workers' station so they don't have to travel all over the warehouse pulling items to fulfill orders.

3 **Implement a Warehouse Control System (WCS).** Use these tools to handle processes that can slow the performance of your warehouse management system. A WCS can control conveyors and sortation systems; optimize picking and packing waves; send pick information to voice-directed picking systems; and direct packing operations.

4 **Consider tilt-tray sorters.** These trays gently deliver items close to packing boxes, eliminating the need for workers to move full cases to each location.

5 **Rely on radio frequency identification (RFID).** RFID increases operational accuracy and efficiency by providing greater visibility into critical process points, allowing real-time inventory management and coordination within the supply chain.

6 **Incentivize workers.** Use data collection tools to track labor and benchmarking results against the norm. When workers know they are being measured, they typically improve their accuracy and pick/pack rates.

7 **Initiate task interweaving.** This strategy reduces deadheading—the scenario in which workers pick products and drop them off at a dock, then return to the picking area without performing any useful tasks, such as picking products for another order along the way.

8 **Use advanced shipping notification (ASN).** This documentation lets warehouse managers know in advance when they can expect shipments to arrive. This knowledge is crucial for planning sufficient receiving staff.

9 **Minimize touches by picking to a shipping carton.** Picking directly to the carton, rather than a tote, eliminates dedicated packing stations. To further reduce touches, utilize print-and-apply labeling systems to print labels on the fly, as well as in-motion weighing and manifesting equipment and automated sealing/taping stations.

10 **Reorganize your warehouse.** Place the most popular products in the most strategic areas so workers can pick more effectively. Use a vertical automated storage and retrieval system that can be organized with the most frequently ordered products closest to the worker, allowing products to be picked faster.

READER

PROFILE

as told to Merrill Douglas

Jason Shefrin is executive vice president, global sourcing, at InterDesign Inc., a major designer and producer of housewares and home fashions. He has worked for the Solon, Ohio-based firm since 2011.

RESPONSIBILITIES

Product development, quality assurance, vendor management, global supply chain operations, logistics and transportation management.

EXPERIENCE

Senior consultant, Cleveland Consulting Associates (CSC Consulting); founding member, e-Chemicals Inc.; manager of implementation, Aspen Technology; executive director of global sourcing, American Greetings.

EDUCATION

BS in economics and finance, and BAS in engineering and computer science, University of Pennsylvania, 1997; MBA, international business and finance, University of Chicago, 2006.

Jason Shefrin: Asset-Light, By Design

FEW OF MY UNIVERSITY OF PENNSYLVANIA classmates who were pursuing business careers went into operations. But I joined a boutique consulting company that specialized in supply chain strategy. This was not exactly in sync with my training and education, but I thought it would start me on a rewarding career—and that has proven to be the case.

I've been working for years toward establishing the variablized supply chain. In the past, companies wanted to integrate vertically and control all their assets. Today, however, so many entities are independent masters of specific supply chain functions that a company with the right framework and connections can operate globally with few assets of its own.

The future of supply chain management lies with managing global partners to create value for your customers, quickly and efficiently. I started aiming toward that goal when I was consulting, and then at American Greetings. Now that I'm at InterDesign, it has become a reality, and it is incredibly exciting.

As a leader in housewares, InterDesign sells to retailers and distributors, and directly to consumers. We manufacture both in the United States and abroad, with a concentration of manufacturing in China.

I'm looking into possible locations for production outside China, and analyzing which products we should continue to

The Big Questions

Outside work, what commitments and activities help define who you are?

I'm on the board of two nonprofits that are very important to me: Fostering Hope (which my wife founded), and Open Doors Academy.

What super power do you wish you had, and what would you do with it?

I'd like the power to see the future. I don't know everything I'd use it for, but my company's inventory would never be out of stock on any product.

What do you do to unwind?

I go to the gym. Lately, I've enjoyed training for and participating in athletic challenges such as the Cleveland Marathon, the Tough Mudder, and the Cleveland Triathlon.

When you were a kid, what did you want to be when you grew up?

A Navy SEAL.

produce in the United States. We're pursuing this strategy to help manage costs, and to manage risk as the company grows and global trade gets more complex.

Working with a network of partners around the world is challenging. You need contingency plans for anything that might go wrong at any point, anywhere around the world. For example, in China, it's not unusual for the owners of a family-run supplier to decide they want to retire and just close the business. When that happens, we have to start up in a new factory without missing a shipment.

We're implementing an integrated supply and demand planning process so we seamlessly share information – such as forecasts by factory, forecasts of containers to be shipped, and logistics contingency plans – with our partners.

One career achievement I'm proud of occurred during the dot-com boom and bust. I was a founding member of e-Chemicals, an e-commerce company focused on supply chain management in the chemical industry. The company was so low on funds at one point that we couldn't make payroll. Worrying about the future and trying to find a buyer could have distracted us from serving customers and pushing forward with development. But we survived, selling e-Chemicals to Aspen Technology in 2001, and continuing to run it as an entity even after the acquisition.

I learned a lot from that experience, and I'm proud of the scars I earned. ■

NOTED

THE SUPPLY CHAIN IN BRIEF

SEALED DEALS

VT Halter Marine will build two liquefied natural gas-powered combination container and RoRo ships for **Crowley Maritime**. The ships will be able to carry 20- to 53-foot-long containers, as well as hundreds of vehicles in enclosed, weather-tight car decking.

First American Carriers (FAC) and its affiliate **International Trader's Inc. (ITI)** now provide strategic freight management services for **House of Raeford Farms**. By leveraging FAC's freight management experience and ITI's redistribution platform, the poultry processor expects to improve the flow of goods to its retail and foodservice customers.

Baked goods manufacturer **Interbake Foods** implemented **LeanLogistics'** Software-as-a-Service *LeanTMS* solution to manage truckload, intermodal, and less-than-truckload shipments. With *LeanTMS*, Interbake gains supply chain visibility across multiple departments.

Materials handling equipment manufacturer **Terex Corporation** chose **Amber Road's** global trade management solution to centralize and automate its international operations. Terex's primary focus is optimizing free trade agreements.

m&a

Freight broker and 3PL **XPO Logistics** purchased freight transportation and logistics provider **Pacer International**. The acquisition allows XPO to enter the growing cross-border intermodal market created by manufacturers nearshoring to Mexico.

SDV, a global supply chain management solutions provider, purchased Belgian freight forwarder **EDT**. With the acquisition, SDV gains further expertise in bulk cargo handling and shipping, and will continue to operate EDT's dry bulk cargo routes to and from Africa under the EDT name.

▶ **Yamaha Motor Europe** contracted **Yusen Logistics** to oversee warehouse operations at its Netherlands distribution center. Yusen will manage more than 120,000 different spare parts, and handle up to 3,000 orders daily.

GOOD WORKS

▶ **South Plains College Plainview** received $4,166 from the **Walmart** distribution center in Plainview, Texas. The money goes toward the university's new training center, which provides training opportunities in manufacturing and construction.

Dematic, a supplier of logistics systems for warehouses, and distribution centers, donated $6,000 to Grand Rapids, Mich.-based **Helen Devos Children's Hospital.** The money supports programs and services for the hospital's patients and families.

Penske Truck Rental donated $255,157 to benefit **Paralyzed Veterans of America's** Mission: ABLE campaign. The mid-campaign donation is part of Penske's year-long fundraising effort for the organization.

GREEN SEEDS

▶ Global transportation company **NYK** developed and will produce a tugboat powered by liquefied natural gas (LNG). Using LNG as a fuel will cut the tugboat's CO_2 emissions by about 30 percent, NOX emissions by 80 percent, and SOX emissions by 100 percent, when compared to using heavy oil.

Logistics solutions provider **Sonwil Distribution Center** added compressed natural gas (CNG) tractors to its fleet. The trucks yield fewer emissions and deliver increased fuel economy compared to traditional diesel trucks. Sonwil currently has four CNG trucks on the road, and plans to replace additional diesel trucks during future fleet turnovers.

The Georgia Ports Authority (GPA) won a Community Leadership Award from the EPA in recognition of its efforts to reduce carbon emissions. The GPA converted four diesel rubber-tired gantry cranes to electric, with plans to convert 10 more by 2024. GPA also received a $600,000 Diesel Emissions Reduction Grant from the EPA for a drayage truck financing program.

UPS signed a multi-year deal with natural gas provider **Clean Energy** to open three America's Natural Gas Highway stations in Amarillo, Mesquite, and San Antonio, Texas. The stations will provide fuel for UPS's heavy-duty LNG fleet, and open the area to public LNG fueling.

recognition

Northrop Grumman recognized **Llamasoft** as a **World Class Team Supplier** based on an evaluation of the vendor's engineering and technical capabilities, experience, quality, cost, and proven performance.

The State of Arkansas Department of Labor presented temperature-controlled warehousing and logistics provider **Americold** with the **One Year Work Hours Safety Award** for one year without a safety incident at the company's Springdale, Ark., facility.

The parent company of Hyundai Forklift, **Hyundai Heavy Industries**, was awarded **Red Dot's Design Award** for its 9 series of forklifts. Red Dot gives this manufacturing award to companies who set themselves apart with excellent product design.

Transportation and warehousing services provider **Rock Transfer & Storage** received the **2013 LTL Carrier of the Year Award** from UTi Worldwide. After evaluating hundreds of carriers on their performance, UTi chose Rock Transfer & Storage based on its commitment to customer service.

Southeastern Freight Lines, a regional less-than-truckload carrier, received the **Performance Carrier of the Year Award for 2013** from global logistics provider Expeditors. The award recognizes Southeastern for its commitment to on-time delivery and customer service.

TRENDS

SHAPING THE FUTURE OF LOGISTICS

Hunter Harrison's first year as CEO of Canadian Pacific Railway netted a record annual profit, and a new goal of boosting earnings by 30 percent in 2014.

Canadian Pacific: All Aboard the Profit Train

by Joseph O'Reilly

Canadian Pacific Railway's renaissance under the tutelage of CEO Hunter Harrison continues unabated. After the veteran railroader's first full year in charge, the Calgary, Alberta-based railroad posted high-water marks in 2013—despite disruptive spring floods.

Canadian Pacific reported total record revenue of $6.1 billion in 2013, with net income rising almost 50 percent compared to 2012. The railroad's operating ratio—a measure of operating costs as a percentage of revenue—improved 7.1 points to a record 69.9, breaking into the much-ballyhooed 60s for the first time.

The railroad has seen positive growth in consumer and industrial products, grain, forest products, and automotive. Coal revenue remains flat, while fertilizers, sulfur, and intermodal business dropped marginally.

Harrison, celebrated for his precision railroading approach honed during stints with Illinois Central and Canadian National over the past 20 years, discussed the railroad's transformation during the November 2013 Rail Trends conference in New York City.

Canadian Pacific's formula has been fixed on improving service, creating better asset utilization, controlling costs, and changing the corporate culture. "It's not complicated," says Harrison. "Changing people's behavior has been the driving force in our early success."

Harrison downplays the difficulty of this strategy. But it has forced the railroad into some resolute decisions, such as reducing the workforce by 4,500 people. "Ninety percent of this has been through attrition," he adds.

"I came into an organization that hadn't enjoyed much success over the previous 10 to 15 years," Harrison says. "It was called the worst operating railroad in North America, and employees didn't like hearing that they were the worst.

"So, from top to bottom, we instituted a simple, understandable formula. We told employees: 'We have to make changes, and you will have to accept them," he recounts.

His team hit the tracks running. They closed down four hump yards in three days—an action that might have taken any other Class I railroad four to five years. "When people start to see change, it energizes them," Harrison notes. "They start creating change themselves because they learn they're going to get run over if they don't."

Rationalizing the network has been one key initiative. Hump yards were effective for what was required in the 1950s and 1960s, Harrison explains. Pre-intermodal was a completely different business model, and a different mix of business. Grain was still moving in 40-foot boxcars. Most traffic needed to be sorted, classified, and switched. That's not the case today.

"I grew up in a hump yard, and I love this industry," he says. "But I also love to make a buck. You can't have your model train and have fun unless you can bring something to the bottom line."

Canadian Pacific saw an immediate impact after it shut down the four yards. Service improved 40 percent, while costs came down 30 percent.

Climate Risk, Not Emissions Reduction, Triggers Investment

Companies increasingly recognize climate risk in their supply chains, but investment in emissions reduction programs is thawing, according to a new report by London-based Carbon Disclosure Project (CDP) and research firm Accenture.

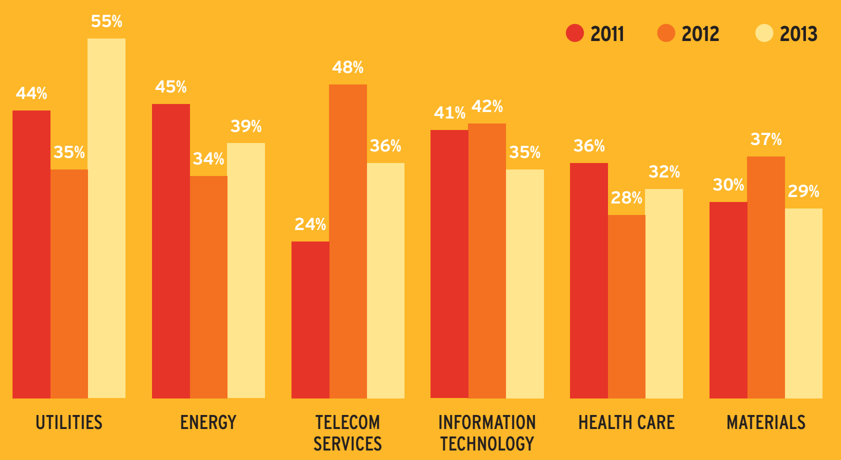
The findings come as more companies document their emissions reduction programs, and identify clear financial benefits from investment in sustainability measures. Average monetary savings from emissions reduction efforts, however, fell 44 percent in the past 12 months, according to *CDP Global Supply Chain Report 2014: Collaborative Action on Climate Risk*.

The study points to an ever-widening gap—highlighted in 2013—between measures taken by large corporations who are members of CDP's supply chain program and those taken by suppliers.

Almost 75 percent of respondents identify a current or future risk related to climate change—global warming or cooling, disease, droughts, and regulations, among other factors—while 56 percent say that consumers are becoming more receptive to low-carbon products and services. Regulatory uncertainty is making companies cautious about investing in emissions reduction and supply chain sustainability. Ninety percent of companies that identify a current or future risk cite regulatory risk as a barrier to investment.

Investment in Emissions Reduction Across Sectors

A few industry sectors report an upward trend in emissions reduction investment in 2013, while others invested less than in 2012, 2011, or both.



Source: CDP Global Supply Chain Report 2014: Collaborative Action on Climate Risk

Investment in emissions reduction programs declined in 2013, and is shorter term in focus, according to respondents. Seven out of 10 sectors report investment falling from earlier years *(see chart)*. Shorter payback initiatives (less than three years) are on the rise—nearly doubling between 2011 and 2013. The average sum invested per reporting company dropped 22 percent since 2012.

Companies often misdirect their emissions reduction efforts with investment not closely correlated with proven emissions or monetary savings, suggests the CDP and Accenture analysis. Suppliers and member companies are at odds: suppliers identify process emission reduction and product design as the most promising collaborative approaches, while CDP member companies favor behavioral change initiatives, and transportation and fleet investments.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Harrison has been equally committed to changing the corporate culture from the ground up. The railroad reached five-year deals in all of its collective bargaining agreements, save two—a reality that he describes as "unprecedented and progressive."

"We did a simple thing: Every non-union exempt worker, on condition of employment—unless there is a medical condition—is becoming a qualified, certified conductor/engineer," Harrison says.

"That has created great change," he adds. "Workers now appreciate what goes on at 3 a.m. on Saturday when it is 27 degrees below zero. It's a lot different than walking into the warm corporate headquarters at 9 a.m. Monday, wondering what happened over the weekend."

Canadian Pacific's culture change is ongoing. Industry analysts speculate that Harrison's vision of making the railroad a Class I leader in operating ratio, thereby the most efficient, is not beyond reason. They expect Canadian Pacific to best its seven-percent revenue growth forecast and 65 percent operating ratio target for 2014.

"The shock is resonating throughout Calgary, Canada, and parts of the United States—and it will continue," says Harrison. "And this story is far from over. There are many more things in the hopper that need to be done."

Supply Chain and Finance Collaboration: Dollars and Sense

Many shippers miss out on potential cost reductions and efficiencies because their supply chain and finance organizations don't work together. Only 25 percent of companies recently surveyed by London-based consultant Ernst & Young (EY) have achieved such collaboration. The report also suggests that global supply chains deliver better results when CFOs are involved in the loop.

Most of the 423 finance and supply chain professionals polled say their relationship has become closer in the past three years. But only 26 percent of finance executives and 21 percent of supply chain executives report that their CFOs' contributions to the supply chain are based on an enabling and collaborative business partnership. Companies where finance and supply chain executives collaborate closely report better results, the EY survey finds.

Forty-eight percent of respondents at companies in which finance and supply chain executives have close business partnerships report a more than five percent increase in earnings before interest, taxes, depreciation, and amortization in the past year. By contrast, only 22 percent of respondents at companies with a more traditional relationship between finance and supply chain executives report similar increases.

To help foster better collaboration between the supply chain and finance functions, EY suggests the following 10 steps:

1. Spend one day each week working with supply chain issues.

2. Allocate finance resources to the supply chain, possibly embedding finance executives in the supply chain function.

3. Review how the commercial and operational sides of the business are aligned.

4. Facilitate data-driven business decisions, and position finance as the owners of the data.

5. Get involved in an investment's entire lifecycle—from choosing an asset for investment to managing its performance, and retiring or reinvesting in it.

6. Ensure that direct and indirect taxes, transfer pricing, and the legal entity are integrated in operating models.

7. Verify that key supply chain performance indicators encourage behaviors and outcomes that drive value.

8. Identify performance incentives that are not aligned with the overall business strategy.

9. Consider centralizing business functions to reduce costs, enhance risk management, and increase tax efficiency.

10. Look carefully for risks that lurk in secondary or tertiary layers of the supply chain. ■

Do You Have The Seal of Approval?

The deadline for high-security seal requirements pursuant to the new ISO17712:2013 standard for mechanical seals is fast approaching. International shippers need to make sure they and their seal suppliers are compliant.

The new version of ISO International Standard 17712, Freight containers–Mechanical seals, published in May 2013, contains a significant change in Clause 6, Evidence of Tampering. The new requirements go into effect May 15, 2014.

The impact on international commerce could be significant because of the way regulators, major shippers, carriers, and others use ISO17712: virtually all maritime containers will require high-security barrier seals certified by accredited third parties to conform to the new requirements.

All users of ISO17712 High Security Seals/C-TPAT compliant seals, should ask their suppliers for the necessary documentation proving the seals will still be compliant after the May 15 deadline.

New high-security seal requirements go into effect in May 2014.

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GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly

Serving Returning Customers

In a fickle economy, retailers want consumers to be less discreet about their discretionary spending. One way they can encourage that is to make it easier for customers to return impulse buys or unwanted holiday gifts. But returns can add significant costs, especially when it involves cross-border business.

Take, for example, online sales between U.S. retailers and Canadian consumers, which represent a $292-billion export market. Free shipping for returned items is an important consideration for cross-border shoppers, according to a recent survey conducted by Purolator, Canada's largest integrated parcel and freight delivery services provider.

About 75 percent of Canadians responding to the survey say they will probably return one or more holiday gifts this year, while also noting they'd likely shop for gifts online knowing they could be returned with free shipping. Four out of 10 respondents say they have previously shopped with a particular online vendor because it offers free returns shipping.

Product returns account for eight to nine percent of a typical business's total sales volume, and 80 percent of those returns are undamaged items that can be re-purposed into other channels with a well-managed returns plan, thereby minimizing loss. Total returns from Canada to the United States were valued at $8.6 billion in 2011, according to Purolator.

While free shipping provides incentive for shoppers to spend money with more abandon, it also places greater onus on retailers to streamline the cross-border returns process—from transportation to regulatory compliance—to ensure optimum efficiency and economy.

China and Taiwan: Perfect Together

China and Taiwan have always shared an intrinsic, if uneasy, relationship as co-dependent geo-political allies and trade partners.

But cross-strait dynamics are changing with the times—largely a consequence of China's maturing manufacturing base. Rising production costs make China less attractive for Taiwan's advanced technology industries, which means the rapport between the two countries is in a period of transition, suggests a recent editorial in the Taiwan-based *China Times News Group*.

Taiwanese companies have adapted to these changing market conditions in one of two ways. "First, they shifted production bases to western China or Southeast Asia where labor costs were lower, but human resources were poorer and transportation was not convenient—unfavorable for global competition," according to the report.

"Second, Taiwanese enterprises adjusted their investment structure by shifting focus from processing and manufacturing to producing end products or catering to the services sector," *China Times* adds. "However, Taiwan's advantage in these new areas remains limited because global competitors are already established in the sector."

The ideal play for Taiwanese companies is to consolidate their supply chain footprint, working through local Chinese partners. Some in the manufacturing sector are shifting their role to the upstream side, providing more profitable core technologies to China by stepping out of the manufacturing role.

Still, an inherent reciprocity exists between the two countries, each dependent on the other for continued growth. In the service industry, Taiwan needs to work with Chinese enterprises because it lacks necessary distribution channels. Chinese companies, conversely, have resources but inadequate technology.

Cooling a Red Hot Chile Port Dispute

A topsy-turvy labor clash between Chilean port workers and management has reached another settlement after an initial 21-day strike, a brief reprieve, then further stoppage. Shipments of fruit and copper have been delayed at the Port of San Antonio, located 70 miles northeast of the Santiago capitol.

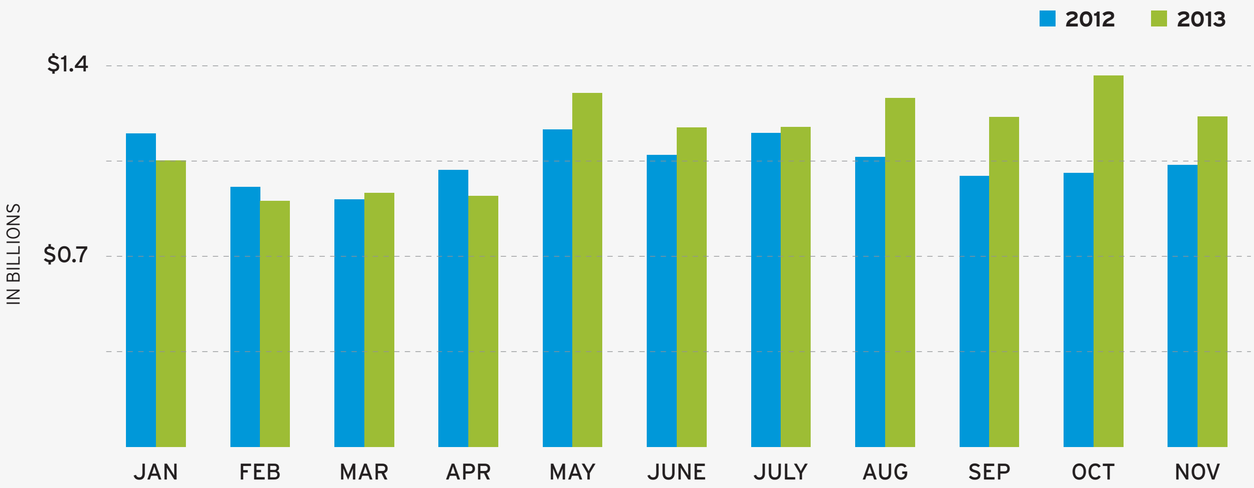
Industry officials say they've suffered more than $100 million in losses since the labor disruption first began on Jan. 3, 2014. Workers, who were demanding retroactive reimbursement for lunch breaks, will not strike again until at least May 1 under terms of the deal, according to media reports confirmed by the Santiago-based Chilean Fresh Fruit Exporters Association.

To date, the strike has had minimal impact on fresh fruit exports to North America, while European container shipments have felt more of a pinch. Importers have been able to adapt sourcing strategies and pull product through different ports.

At a macro level, however, Chile's reputation as a business-friendly country is losing its luster. Labor strife is becoming a common occurrence. Because Chile is largely dependent on exports, disruptions are taking a toll on industry. Recurring port strikes through 2013 created upstream problems for Chile's copper mining industry, the largest copper exporter in the world.

U.S. Seafood Imports Make Waves

U.S. seafood imports skyrocketed from 2012 to 2013, especially since May. The increase is partly due to a rise in demand for shrimp, salmon, and tilapia.



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Mondelez Debuts New Standard

The parent company of British confectioner Cadbury has become the first supplier certified in its use of GS1 supply chain standards through the new GS1 UK Certificate of Excellence program.

The certification, which launched in 2013, comprises more than 100 checks for best-practice compliance with GS1 standards across suppliers' processes and product information. The aim is to drive data quality, delivery accuracy, and trust in the trading relationship.

"We joined the Certificate of Excellence Program believing our processes and procedures were robust," explains Rob Bullen, director customer supply and center of excellence, Mondelez UK. "But there were insights that retailers and suppliers have become adept at working around data issues, rather than tackling them.

"While we may have experienced few issues as a result of data errors, this was still causing avoidable downstream activity," he adds. "As a result of the certification process, we are now easier for our retail partners to do business with."

Retailers increasingly want greater assurances that vendors they work with are trusted partners who will work collaboratively to reduce costs, and meet end customer expectations.

For suppliers, the new distinction comes with some perks: lower incidence of product rejection; quicker delivery times; fewer manual procedures and less human error; fewer fines; and faster payment.

UK grocer Tesco, a Mondelez customer, has already seen benefits, especially with regard to inbound processes.

"It allows us to reduce dwell time from vehicle arrival to the product being available to assemble," says Jim Dickson, Tesco E2E supply chain development manager. "It also helps us to support other product availability initiatives. We look forward to working with GS1 UK to roll out the program to all our leading suppliers."

Abu Dhabi Launches Master Plan

Transportation officials in Abu Dhabi, United Arab Emirates, unveiled a new integrated framework that will set standards and regulate the country's growing freight logistics sector. The so-called Multimodal Freight Master Plan is being developed in close coordination with government and private sector stakeholders directly involved in planning and providing freight transportation services for the Emirates, and beyond its borders.

Fueled by oil, a construction boom, and an emerging manufacturing base, the government has made infrastructure investment a priority. The plan is geared toward supporting socio-economic growth in Abu Dhabi, integrating infrastructure such as the new Khalifa Port and Etihad Rail, and providing regulations and guidelines for future development.

"With the Emirates' economy forecast to increase 250 percent between 2014 and 2030, freight is an integral part of the economic diversification plans for Abu Dhabi—where moving goods and commodities is poised to be the catalyst for development and prosperity," says Mohamed Nasser Al Otaiba, director of freight division, Department of Transport in Abu Dhabi.

Abu Dhabi's Department of Transport announced a Multimodal Freight Master Plan, which regulates and sets standards to bolster the freight sector's role in business and trade.

European Re-shoring Renaissance?

Europe is looking to the United States for inspiration as it shores up an eroding economy. Amid speculation that the European Commission will ease national mandates for future renewable energy targets, countries are taking that directive as impetus to rebuild their manufacturing bases.

Energy independence as a matter of national sovereignty—in other words, a decentralized approach to reducing CO_2 rather than top-down enforcement—empowers countries to be more proactive about growing sustainable business in a more organic way.

At the January 2014 World Economic Forum in Davos, Switzerland, UK Prime Minister David Cameron presaged a plan that would mold Britain into a "re-shore nation."

"If we make the right decisions, we may see more jobs that were once offshored coming back from East to West," he explained. "At the same time, a number of factors are pulling companies back home. Some companies are choosing to locate production nearer to consumer markets in the West. By shortening their supply chains, they can develop new products and react more quickly to changing consumer demand."

Allowing countries the latitude to address sustainability measures at their own pace, and in accordance with their own economic development growth, opens the door for England and other countries to explore natural gas, among other energy sources. At the very least, it offers a concession that balances out other manufacturing obstacles—namely, labor costs. [ ]

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Scaling Supply Chain Partnerships

Partnerships are an interesting phenomenon in business. It astounds me that so many companies look for partnerships to remain static over time, even as market conditions change. Partnerships can't maintain a status quo, regardless of the industry. They need to evolve. Scaling your supply chain can trigger some significant adjustments in the requirements of nature of your partnership. Change isn't easy, especially in the context of a complex transportation network. Navigating your own ship can be tough, but also synchronizing with your supply chain partners adds another dimension of complexity.

Here are a few steps for looking at your supply chain partnerships with scalability in mind.

1. Start with technology. When you integrate a partner into the mix, how compatible is your technology? Will it scale as your joint businesses scale? Does it allow you to connect with other partners, as well?

Many questions come up when trying to pick a technology, so it's not always as simple as answering these questions. But in the supply chain, the technology you select needs to be able to scale and support crystal clear visibility with your partners. Scalability might be required due to mode shifts, acquisitions activity, or capacity constraints.

In one case, a global food business operating in 19 countries tried to work unsuccessfully with disparate systems that provided minimal visibility. When the next acquisition arose, they chose a TMS that facilitated the evolution of new freight profiles. The result was four standalone companies were merged into one cohesive transportation unit, gaining the scalability that was critical to their success.

2. Lean on partner expertise. Your partner should be providing insights and advice based upon their mastery of not only your supply chain, but of the broader market. Supply chain conditions change; that shouldn't surprise anyone. The technology supporting your supply chain should be backed by experts who know what to do when conditions change. If network changes reduce product profitability, perhaps you can lean on one of your partners for strategies to trim down costs.

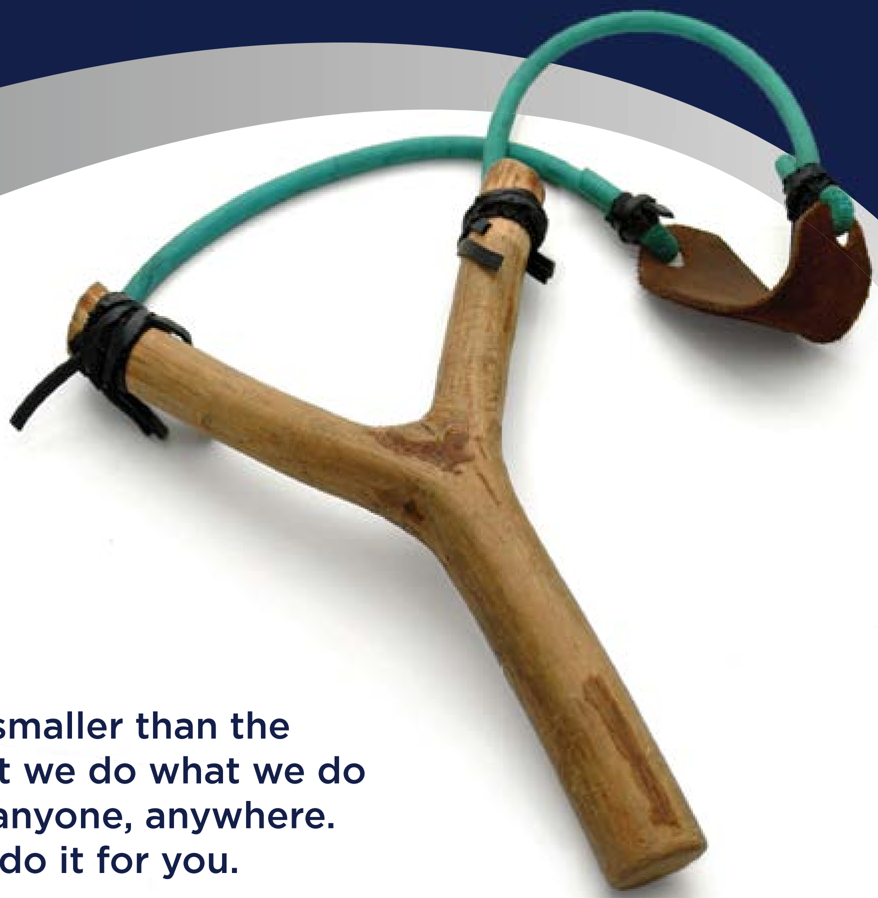
A client of ours, a manufacturer for retail and foodservice channels, reached out for an expert opinion to standardize their transaction processes. Our shared technology platform allowed us to provide insights into their specific supply chain. In the end, our partner implemented freight pre-audit and payment processes which increased billing accuracy and cut down internal resource time.

Successful partnerships are built on a foundation of shared expertise. This is required by both of the partners, collectively working toward a common goal to build better supply chains together.

3. Scale the partnership. You're well aware of your most successful partnerships. The partner is constantly bringing new ideas and innovations to your doorstep. How can you capitalize on those partnerships? What else can they do for you? In some cases, you can retain strategic ownership while passing day-to-day execution to the partner.

One example is a long-standing client that was strategically seeking to maintain carrier relationships, but outsource the daily transportation activities. Because of the technology foundation, the strong partnership, and desire for growth from both parties, it was an easy transition. The client reduced their internal costs for the transportation, but maintained the visibility and control of their supply chain. The results have been extremely successful allowing the client to scale their supply chain, while also continuing to generate savings.

When questions about scaling the business occur, a critical error is to assume that the supply chain can simply do more the same way. Another assumption that should be challenged is that you can drive all changes within your own walls. Perhaps we need to look at our partners with fresh eyes and recognize where their expertise lies. A supply chain is only as strong as its weakest link.



VIEWPOINT

BY T.J. COVEYOU
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How the Changing Chassis Market Affects Your Supply Chain

The change in marine chassis provisioning continues to be of concern to maritime shippers, thanks to a long-term trend of separating ocean transportation from inland logistics. That trend began in the mid-2000s, when carriers limited the inland destinations they would serve.

As ocean carriers are disintermediated from the market, chassis users and providers will develop direct commercial relationships. This means chassis providers will need to make the major shift from having a handful of customers on long-term contracts to having thousands of customers on short contracts, some lasting only one day. This major change requires new systems, processes, and skill sets.

The market will see a distinct separation of the roles of chassis provider and pool manager. The chassis provider will benefit from possession of the asset, and maintain a commercial relationship with the end user. The pool manager becomes an important partner, providing the chassis owner with a local footprint.

Transparency and cost allocation are major drivers of ocean carriers' divestment of chassis. As the cost of a chassis becomes more visible, and is paid for more directly by the end user, transparency and yield management grow more important. The industry is already seeing this with the confusion surrounding simple invoicing.

The issue becomes increasingly complex as all players in the supply chain start viewing chassis management as a differentiator, either through efficient cost control or revenue opportunity. Transparency and forecasting are key to chassis management, and new technologies and tools are already coming to market to satisfy these needs.

As chassis become managed like any other resource, a robust spot and short-term leasing market will develop, which enables users to flex their equipment costs based on demand. This market segment will be particularly robust when it comes to specialized equipment. Truckers don't need to keep expensive tri-axle or upgraded chassis in inventory in anticipation of needing the unit. They can offer more flexible and specialized services while keeping costs low.

The most significant long-term effect of this change is that warehouses and distribution centers need to change their planning models dramatically. When the cost of a chassis is accounted for, storing cargo in mounted containers becomes expensive. Warehouses need proper workload planning to reduce dwell time, perhaps shifting to live unload models.

The shift from a drop/pick operational model to live appointments is significant. It not only impacts planning and labor, but also makes the most favorable yard/door/floor ratios look very different.

Leaders Will Emerge

Ultimately, the chassis market will become like many others, where the most successful providers compete externally with superior service, the best locations, and quality equipment. Users can leverage advanced systems and processes to ensure they create value from the chassis they use.

Innovative companies are already applying new tools and systems to remain ahead of the pack. With the rapid changes in the chassis market, companies must consider and invest in chassis management to remain leaders in their industries. ■

THE LEAN SUPPLY CHAIN

BY PAUL A. MYERSON
Professor of Practice in Supply Chain Management at Lehigh University, and author of *Lean Supply Chain & Logistics Management*
732-441-3879

Collaborative Programs: Not a Chore But an Opportunity

Many corporate executives view the supply chain and logistics function as a source of savings through cost reduction. Their position is understandable, as supply chain and logistics costs can represent 50 to 70 percent of a company's sales dollars. Making these operations more efficient and effective can have a great impact on the bottom line.

The supply chain can also drive significant growth. One strategy that can contribute to increasing revenues and reducing costs is collaborating with customers, partners, and suppliers.

Many manufacturers and wholesalers may look at collaborative programs such as vendor managed inventory (VMI); efficient consumer response (ECR); and collaborative forecasting, planning, and replenishment (CFPR) as a chore, rather than an opportunity.

Best-in-class companies use these types of tools to not only reduce waste and costs—a cornerstone of Lean methodology—but also to integrate their key supply chain capabilities with core business competencies. This integration helps them create customer value, and promote both growth and profit. Maintaining collaborative cross-functional teams, internally and externally, is one key to supply chain success.

From a cost and efficiency perspective, the information provided in these collaborative processes can improve forecasting accuracy, which drives an entire organization's operations and supports Lean initiatives.

Get With the Programs

If you think in terms of the Pareto Principle, or the 80/20 rule, and initiate VMI, ECR, or CFPR programs with your top 20 customers, you will be able to improve forecast accuracy on a large percentage of sales. The enhanced downstream demand and inventory information these efforts generate will positively impact production and inventory planning, as well.

In terms of growth, what better way to get—and stay—on your clients' good side than by off-loading some of their inventory planning and ordering chores? Collaborative programs such as VMI, ECR, and CPFR can not only help avoid stockouts and improve products' shelf presence, but an integrated supply chain team that includes sales and marketing personnel can facilitate managing new product introductions, and exploring new sales and business development opportunities.

This type of coordinated effort can enable a flexible and adaptive supply chain aligned with the organization's growth strategy, providing a competitive advantage, and eventually leading to sales growth, as well as internal efficiencies that support Lean efforts.

Corporate executives must realize the supply chain's potential as a competitive tool, rather than just an area where they can cut costs. Supply chain managers can help change this focus by improving collaboration up and down the supply chain, looking beyond cost to enhance growth by treating their organization as one part of the integrated supply chain, and taking a more visible and active role in executive leadership within their organizations.

Transparency and collaboration with customers, suppliers, and partners doesn't always come easily, but the potential reductions in risk and cost, and growth in revenue through innovation, are well worth the effort. ■

Parts of this column are adapted from *Lean Supply Chain & Logistics Management* (McGraw-Hill; 2012) by Paul A. Myerson with permission from McGraw-Hill.

BY BERNARDO NICOLETTI
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Using Operational Analytics to Achieve A Digitized, Visible Supply Chain

To assure a succcessful future, companies must add value to their customers and organizations, and drive competitive advantage. The best way to achieve this is by developing a system based on operational analytics.

Operational analytics come from analyses done on the fly as part of standard business processes. Planning, inventory management, and control are examples of operational analytics.

The main objective of operational analytics is to arrive at a visible, digitized supply flow achieved by replacing an investment in excess inventory with an investment in data. This is accomplished by implementing enterprise automation to help in planning, mobile technology to get real-time data, and analytics to help improve processes.

Operational analytics is connected to my favorite approach: lean and digitize. To improve processes, reduce cycle times, and cut waste requires knowing the process—specifically, measuring it and taking action. This means moving from business intelligence to business process intelligence—from analyzing the data to managing the processes.

The reward of an operational analytics model is a digital value stream that makes it possible to extract visibility and velocity from volume and variety.

What holds average companies back from achieving an operational analytics model is education. Many managers do not know what operational analytics is, and how it can be useful to their companies. On the other hand, many companies—GE Oil & Gas (when I was there as CIO), Praxair, and Zara, to name a few—are using operational analytics to achieve breakthroughs.

By following some best practices, organizations can find many ways to adopt and successfully implement operational analytics. A focus on decision-making, and a plan/vision for analytics, are critical. Some common threads link these best practices, as do common challenges.

The critical success factors in implementing operational analytics are a focus on strategy, process, organization, and technology. After working with several organizations that have successfully adopted operational analytics into multiple facets of their operation, I became aware that they had these best practices in common:

- Cross-channel and batch/online integration.
- Store, cleanse, and integrate transactional details.
- Report, execute, and model using the same data.
- Implement real-time conversation information when making decisions.
- Tie the application to performance management.

Many challenges are connected with implementing operational analytics. To remediate these issues, follow this recipe:

- Make sure you have the right mix of resources. IT, HR, and finance can play essential roles in implementing a project.
- Clearly define the responsibilities of all involved.
- Know your organization's culture and include senior leadership presence in any changes.
- Choose a thought leader in your company who is capable of leading a new initiative to a successful outcome. ■

Certifiab

ly Savvy

Want to stand out from the crowd and take your supply chain career to the next level without pursuing a full academic degree? A certification or certificate program might help you make the cut.

by Merrill Douglas

When David Gilmore retired from the U.S. Navy, he hoped that his experience in military supply would lead him to a new career. To make the transition to civilian industry, he needed to learn about supply chains in the private sector. “I was looking for a way to get my feet wet with industry terms and current best practices,” says Gilmore, now manager of commercial finance, Americas region at CEVA Logistics, a third-party logistics provider in Jacksonville, Fla.

For Gilmore, one key to rewarding civilian employment consisted of three letters: CTL. They stand for Certified in Transportation and Logistics, a credential he earned from the American Society of Transportation and Logistics (ASTL) in June 2013.

Certification in a supply chain discipline shows that you know your stuff. The work you do to earn this stamp of achievement helps you deepen or broaden your knowledge without investing in an advanced degree. The same is true of a supply chain certificate offered by an academic institution.

CERTIFICATION VS. CERTIFICATE: WHAT'S THE DIFFERENCE?

A certification is a credential from a professional organization. Besides ASTL, some other sources of certification in supply chain-related fields are APICS, the Council of Supply Chain Management Professionals (CSCMP), the Institute for Supply Management (ISM), and the Supply Chain Council (SCC).

To earn a certification, usually you must take an exam or series of exams. Those who pass may add a set of letters to their names—for example, CPSM for Certified Professional in Supply Management (from ISM) or CPIM for Certified in Production and Inventory Management (from APICS). To maintain their certifications, every few years professionals must demonstrate that they have taken classes, attended meetings, or otherwise kept up with developments in the field.

A certificate is a document that proves you have completed a non-credit course of study at a college or university. Don't let the "non-credit" part fool you: these programs can be rich and rigorous. Unlike a certification, a certificate doesn't earn you a string of letters after your name. On the other hand, you don't need to renew it. Like the diploma you earn in a credit-bearing program, once you earn it, a certificate is yours for life.

People may pursue certificates and certifications at many different points in their careers. ASTL, for example, collaborates with several high schools and community colleges to prepare students for the entry-level Global Logistics Associate (GLA) credential.

"We also have a mid-level credential for people who have some experience," says Laurie Denham, president of ASTL in Washington, D.C. Individuals whose companies want them to add logistics to responsibilities in other areas, such as finance, may pursue that credential as well.

ASTL's CTL—the one Gilmore earned—is an advanced designation. "That designation is pursued by people who have been in their jobs for 25 years but maybe didn't finish college, or didn't get a degree in supply chain or logistics and transportation," Denham says.

Michigan State University's supply chain certificate programs attract experienced professionals, as well as students from other disciplines who want to take on broader responsibilities.

The certificate programs at Michigan State University (MSU) also attract many experienced professionals. "Sometimes people progress through their careers to a high level in an organization without a formal supply chain education," says David Frayer, director of executive development programs at the university's Eli Broad College of Business.

Those people want to complement the practical knowledge they've gained on the job with the deeper understanding a formal program provides, he says.

Other students in the program come from entirely different disciplines, such as engineering, marketing, or sales. "They are trying to position themselves to take on broader, more strategic responsibilities," Frayer says.

And some people, such as Gilmore, pursue certificates or certifications to ease the transition from the military to civilian supply chain management.

HIGHER PAY

Besides enhancing a student's knowledge, a certificate or certification may significantly enhance your career prospects. For example, people who earn certifications from APICS see their earnings increase by 14 to 21 percent. "The certification designates a higher level of knowledge, and better applying the practices within supply chain and operations management," says Abe Eshkenazi, CEO of APICS. Those achievements tend to impress corporate managers.

"Hiring executives tell us that resumes highlighting an industry credential go to the top of the list," says Denham.

Donna Raihl, a purchasing and supply

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management specialist with the U.S. Postal Service (USPS), earned the CPSM from ISM in 2012. “Having a CPSM behind your name is the golden ticket,” she says.

Students who finish the courses for the Supply Chain Management Certificate offered by the University of California, Los Angeles (UCLA) Extension often call Carol Eisman, anxious to know when

Certification programs offer a pathway to improve skills and enhance overall job performance, says Laurie Denham, president, American Society of Transportation and Logistics.

they’ll receive their documents. “When it comes time for job evaluations, their managers want to see that they’ve finished the certificate,” explains Eisman, program manager, technical management.

When a business underwrites the training for certificates or certifications, the advantages are twofold: not only does the company gain more supply chain expertise, but it gains a new benefit for valued workers. “We find that investing in education increases employee retention,” Denham says.

Many advantages of certificates or certifications also accrue to people who earn undergraduate or graduate degrees. Deciding which route to follow may boil down simply to how much time and money you feel able to invest.

Each option—gaining an industry credential or pursuing a degree—offers its own advantages. “A certification means you’ve been validated on a body of knowledge,” says Denham. “But if you sit in a classroom for 30 hours, you’re going to be digging a little deeper.”

Unlike courses leading to a degree, the programs that prepare students for APICS certifications focus on the nuts and bolts of supply chain management. “This is for individuals who want not only to gain the knowledge, but also to apply it,” says Eshkenazi.

MANY CHOICES AT MSU

If you want to earn a supply chain certificate, you’ll probably apply to the continuing education department at a college or university. MSU, for example, offers two week-long residential programs aimed at people who have reached more senior levels in their careers. These take place on the main campus in East Lansing.

The school also offers a year-long program, the West Michigan Supply Chain Management Certificate Series, at the Steelcase University Learning Center in Grand Rapids. In addition, WMU provides several online Master Certificate supply chain management programs that emphasize logistics, operations, procurement, or integrated supply chain management.

The West Michigan series is designed particularly for people who execute company strategies. Class assignments include a project that students must scope out, design, review, and implement, then report on.

But all of WMU’s supply chain certificate programs take a broad view, showing how supply chain strategies can drive innovation and financial health. “The courses help open people’s minds to the real potential of supply chain,” Frayer says.

That’s why the WMU programs often attract professionals from other fields—such as business planning, information technology, and customer service—who want to take on broader, more strategic roles, he adds.

Kevin Johnson, human resources manager, supply chain operations at the retail chain Meijer in Grand Rapids, entered the West Michigan program to learn more about the organizations he serves within the firm. “I felt that getting some cross-functional knowledge would better position me,” he says.

Johnson manages HR for the company’s distribution centers and manufacturing facilities, and for related operations such as logistics, food safety, and asset protection. He holds a bachelor’s degree in business economics from Florida A&M University, and is finishing an MS in employment law from Nova Southeastern University. He also holds an HR certificate from MSU.

For their project, Johnson and three other Meijer employees in the program developed a plan for moving privately branded milk from two Meijer-owned dairies into stores. This wasn’t just an academic exercise: the company might implement the new strategy. “We ran it by our executive team, and they liked it,” Johnson says.

Collaborating with colleagues from Meijer helped Johnson forge ties that serve him well on the job. “This has enhanced my knowledge as an HR professional, to become a better partner to the businesses I support,” he says. Interacting with peers from other companies, and with the instructors, also proved extremely valuable, he adds.

Meijer sends four employees to the West Michigan Supply Chain Management Certificate Series each year. It’s a way to cultivate people who have shown potential. “This incremental exposure, providing better knowledge of supply chain management, will position them as leaders,” Johnson says.

UCLA Extension offers its Supply Chain Management Certificate program mainly online, although companies can arrange

to offer it in-house as well. "We're currently holding the program on site at the Boeing Company in Huntington Beach," notes Eisman. The school has also sent instructors to teach the course for the Los Angeles Unified School District, the Los Angeles Metropolitan Transportation Authority, Northrop Grumman, and Raytheon.

To qualify for the certificate, students take six required courses and two electives. Instructors post narrated PowerPoint presentations, and some also schedule live Web sessions, allowing students to interact. Instructors archive those sessions for students who aren't able to attend.

In some courses, students team up to conduct projects, often with a practical bent. "Most instructors allow students to pick projects relevant to their work," Eisman says.

GLOBAL ATTRACTION

The online program draws students from all over the world, including military personnel on deployment. Demand has increased in recent years, reflecting a corresponding demand in the job market. "Supply chain management has become an important skill and asset for a company," Johnson says.

One special feature of the UCLA program is its relationship with the Los Angeles chapter of ISM. The school encourages students to participate in ISM's events and to pursue its CPSM certification. It also keeps that certification in mind when it designs its curriculum.

"We have worked with ISM-LA to look at elements on the CPSM exam, to make sure our classes are comprehensive and cover all those topics," Eisman says. "Our program is hands-on and practical; it's not just geared to an exam." But it does cover the subject matter that ISM considers important.

Raihl at USPS says the UCLA program was invaluable to her preparation for the CPSM exam, in part because the instructors explained how to handle real issues one might encounter on the job. "Without that education, along with book knowledge, I would have failed," she says.

Raihl started working on the UCLA certification in 2008 and completed it in 2011. She entered the program because she wanted to advance in her career without committing to graduate studies. "I wasn't sure I was ready to spend the money and time on a master's degree," she says.

"Having a CPSM behind your name is the golden ticket," says Donna Raihl, purchasing and supply management specialist, USPS. She earned CPSM certification from ISM in 2012.

After earning the CPSM in 2012, Raihl found that the two credentials attracted attention from potential employers such as Lockheed Martin, Accenture, Hilton Worldwide, and Nike. She joined USPS in 2012, and is currently working on an MS in government contracts through George Washington University.

ASTL: AVATARS AND COHORTS

Students who want to prepare for ASTL certification have several options. Some high schools and community colleges teach the GLA curriculum to qualify students for entry-level jobs in logistics.

In Florida, ASTL's Jacksonville chapter underwrites the course at 15 high schools. "Any student who graduates and passes the GLA exam can articulate 12 hours in college credit to any state college in Florida," Denham says.

Curriculum specialists at ASTL designed the GLA course with advice from industry professionals. Schools that deliver the course can employ both classroom instruction and online modules using avatars and gaming strategies.

Students also can study for the GLA on their own. "We send the student materials, and they do the online avatar program," Denham says. "Then they go to a test site or to their HR department to get a proctor, and take the exam."

People who want to prepare for the mid-level Professional Designation in Logistics and Supply Chain Management (PLS) or the advanced CTL can study on their own or work with colleges or universities that offer the relevant courses. The University of North Florida (UNF), for example, offers a program leading to the CTL. The classroom experience in this "cohort program" provides terrific opportunities for networking, Denham says.

The classes draw a wide range of participants. "Some people have had no experience in logistics at all; some have just had military experience; some are shippers; some are carriers," she says.

Gilmore says he chose UNF's cohort program in part because the ASTL credential is widely recognized in and around Jacksonville.

During his job hunt, the CTL provided an extra edge. "I was proud to put those letters behind my name," Gilmore says. "They spark some people to ask, 'What does that mean?'—and I get to describe it."

The certification also put him one step ahead of applicants with college degrees but no professional credentials. "It proved that I knew what I was talking about when I applied for some of those jobs," he says.

Gilmore holds a bachelor's degree in business from St. Leo University and a master's degree in management, with a concentration in procurement and contracting, from the University of Maryland University College.

> "APICS certification focuses on the skills necessary to maintain an individual's current job and competencies, as well as on what the organization is looking for to advance the enterprise and the individual."
>
> – **Abe Eshkenazi,** CEO, APICS

For people trying to decide which supply chain or logistics certification to pursue, a good first step is to define the job you want, then find out which credentials are most valued by employers in that field. "Make sure you take the right path to get you where you want to go," Gilmore says.

One other route to ASTL certification is an academic waiver. Under a recent agreement between ASTL and American Public University System (APUS), students who complete an undergraduate or graduate degree in transportation and logistics from APUS can also receive the PLS from ASTL.

APUS is an online institution that includes American Public University and American Military University. It draws students mainly from the military (including veterans), public safety organizations, and the private sector.

The certification is a valuable addition to the undergraduate or graduate degree. "Professional certification is a great way of validating your expertise in a given field," says Jennifer Batchelor, director of the transportation and logistics management program at APUS.

APICS OPTIONS

APICS offers two certifications. CPIM is designed for someone who has two or more years of experience in the field but doesn't necessarily hold a bachelor's degree. To earn it, the candidate must pass exams in five areas: Basics of Supply Chain Management, Master Planning of Resources, Detailed Scheduling and Planning, Execution and Control of Operations, and Strategic Management of Resources.

Certified Supply Chain Professional (CSCP) is geared to professionals with five or more years of experience in the field, or with a bachelor's degree and two or more years of experience. The exam includes three modules: APICS Supply Chain Management Fundamentals; Supply Chain Strategy, Design, and Compliance; and Implementation and Operations.

Both credentials have a practical orientation. "This is for individuals who want not only to gain the knowledge, but to apply the knowledge," Eshkenazi says.

For example, the CPIM covers subjects such as inventory control, materials resource requirements, and strategic management of resources. "Each module for the certification trains individuals on a specific content area in the organization's planning, manufacturing, inventory control, and production," he says.

APICS updates the content of its training and exams every few years, based on its studies of real-world supply chain practices. "We focus on the skills necessary to maintain an individual's current job and competencies, as well as on what the organization is looking for to advance the enterprise and the individual," Eshkenazi says.

A candidate can prepare for the CPIM or CSCP exam by taking an instructor-led course sponsored by more than 200 local chapters across the United States or 90 partners around the world. "We also have an online program and self-study opportunities," Eshkenazi says.

Jason Wheeler, process improvement manager at Roche Diagnostics in Indianapolis, and the chairman of APICS' board of directors, started working on his CPIM in 2004. At the time, he worked for tomato processor Red Gold, and started taking the review class sponsored by his local APICS chapter.

When he moved to Roche, Wheeler joined an on-site class, and earned the credential in 2005. In 2006, he was part of the first wave of candidates to earn the newly developed CSCP. Wheeler also holds a bachelor's degree in statistics, with a minor in math, from Eastern Kentucky University.

Although experience taught him a great deal, Wheeler says the certifications deepened his understanding of certain aspects of his work.

For example, he has learned to appreciate what the supply chain looks like from the perspective of his vendors. With a good understanding of those motivations, Wheeler says he has been able to build several collaborative relationships that benefit both Roche and its suppliers.

People sometimes turn to Wheeler for advice about whether to pursue certification or enter an MBA program. His answer depends on the person's goals. For those who want to keep working in supply chain management, an APICS certification offers a great advantage. "I describe it as a specialized MBA," he says. But if your ambition has a broader scope, an MBA is probably the better choice.

ONLINE ONLY GETS LONELY

For those who decide to pursue certification, Wheeler suggests that they not rely entirely on online preparation. "You get the education and the content online, but you miss out on valuable real-life examples," he says. Sitting in a review class with colleagues from different industries, and from companies large and small, you'll hear many stories about strategies that worked or didn't work in various settings, he says. Those stories will stick in your mind.

Whichever option you choose from the many available, the chance to gain in-depth knowledge and practical insight will likely make a certification or certificate well worth your while. ■


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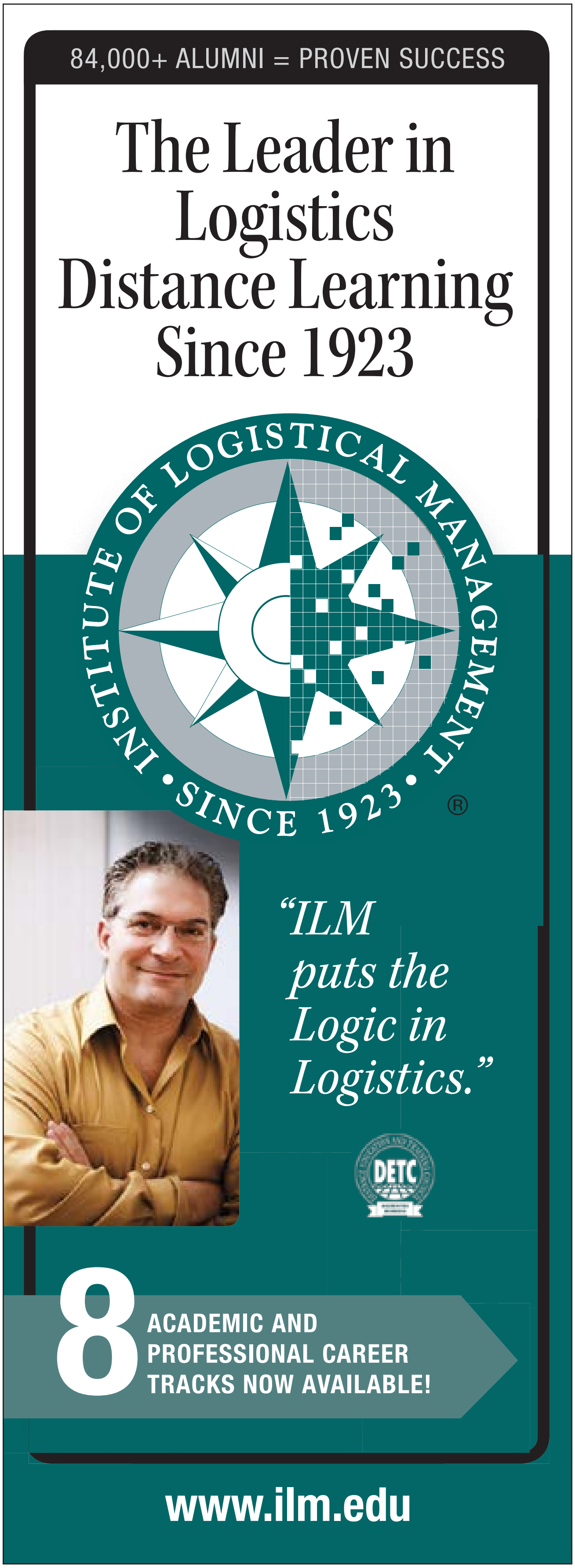
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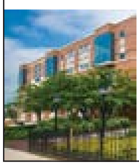

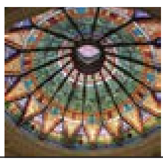

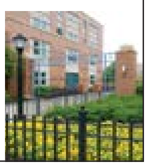

MANAGING RETAIL RETURNS

THE GOOD THE BAD & THE UGLY

Retailers have to cope with all kinds of returns–from apparel that just didn't suit the customer, to expired products that are no longer saleable, to recalls endangering public safety. Here's how retailers handle this range of returned goods to recover maximum value.

By Lisa Terry

The forward side of retail logistics spends September through December moving high volumes of goods into stores and e-commerce distribution centers. For reverse logistics, however, it's all about January, February, and March.

That's when the good, the bad, and the ugly post-holiday returns hit: damaged, unwanted, outmoded, leaking, spoiled, or counterfeit merchandise that pours back into retail stores and returns consolidation centers, accounting for 40 to 60 percent of the year's returns. It is up to retail's reverse logistics operations to separate the wheat from the chafe, performing triage and processing it all to reduce costs and mitigate loss.

Retailers are devoting more attention and resources to reverse logistics as they seek to extract as much value as possible from returned goods. The average retailer's reverse logistics costs for consumer goods are equal to an average 8.1 percent of total sales—a figure which, unlike forward logistics, includes the value of the goods.

At the same time, trends such as omnichannel retail and tighter regulation are making reverse logistics increasingly complex. Better use of data, a more end-to-end perspective, and prevention programs are helping to reduce return rates for some operations, but there is still room for improvement.

MANY HAPLESS RETURNS

Imagine opening a returned package and finding a piñata where a PC should be, or peering inside a game console to discover all the chips replaced with scrap metal. Those are some examples of fraudulent returns recently discovered by retail returns personnel.

Even when consumers return legitimately purchased merchandise, retailers are faced with challenges such as product malfunction, missing parts, damaged packaging, and expired perishable merchandise. Add recalled product, end-of-season merchandise, and overstock, and the sum is a substantial volume of goods moving to a variety of final destinations. It takes time, space, and training to ensure a return is authentic, determine what to do with it, perform any required repairs or repackaging, then send it on its way.

Despite that back-end complexity, it is critical that retailers make returns easy and seamless to the customer.

"Over the past few years, most retailers have come to appreciate that creating a good return experience offers a competitive advantage," says Charles Johnston, director of repair and returns for Atlanta-based home improvement retailer The Home Depot.

That's a tricky line to walk, however: The more information retailers can collect from a customer, the better they can head off fraud and nail down the reason for the return. The more they know about the reason, the better their decisions about needed repairs and improving future procurement.

But consumers want a fast and easy returns process. "Some retailers that significantly tightened their return policies drove customers away," says Johnston.

And while forward logistics is all about pristinely packed cartons shrink-wrapped onto well-planned pallets and moved out to stores and customers along pre-set routes, reverse logistics is inherently more complex—and sometimes even messy. The variability of properties and terms surrounding each item creates many potential dispositions: return to manufacturer, transfer to another store, refurbish, repackage/re-kit, liquidate, disassemble and reuse, recycle, donate, or just plain throw away.

A package of cosmetics that looked shiny and appealing on its way into the store, now returned, may be unopened and good enough to resell, or it may be eligible to be re-kitted into a bonus giveaway. But it might also be near expiration and suitable only for clearance, or past expiration and classified as hazardous waste that must be destroyed in a prescribed way.

"The same capabilities used in the forward supply chain can't be leveraged in reverse logistics," notes Steve Dollase, president of Winston-Salem, N.C.-based technology provider Inmar Supply Chain Services. "Reverse logistics requires different processes, technology, capabilities, and expertise. It's more of a network model."


Omni-channel retailer Soft Surroundings allows customers to return products bought online or through catalogs to its brick-and-mortar stores. This policy, however, creates logistics challenges and complexities.

In the 1990s, an industry study documented that significant savings could be gained from a consolidation center model, inspiring many larger retailers to adopt this strategy. While stores may engage in some light sorting and documentation, most returns are processed at a handful of centralized facilities dedicated to the task.

"By reducing administrative and transportation costs, consolidation cuts reverse logistics costs by 40 percent on average," says Johnston.

Some reverse logistics operations are now being co-located with forward logistics facilities to easily move resalable goods back into stores—for example, transferring lawn chairs from Wisconsin to Georgia as the seasons change. "Performing fulfillment from a consolidation center into the forward supply chain is a capability that did not exist years ago," says Dave Vehec, senior vice president, retail logistics for Pittsburgh, Pa.-based product lifecycle and reverse logistics provider GENCO.

3PLs PROVIDE VALUE

While some original equipment manufacturers (OEMs) still take product back, in most cases retailers and third-party logistics (3PL) providers manage returned product. That strategy eliminates one leg of transportation back to the OEM, and puts a surprising array of companies in the refurbishment business: Retailers including Best Buy and Home Depot, and even 3PLs such as UPS and Ryder, employ technicians to repair returned electronics, through allowances from the OEMs.

"Businesses can cut days out of the returns process if they don't connect to another party," notes Carrie Parris, director of corporate strategy for Atlanta-based logistics provider UPS.

The big focus is on reaping the most value from the return. The secondary market—including outlets, salvage centers, and auctions—has blossomed to a $400-billion industry. Retailers typically recoup 12 to 25 percent of an item's original cost there, versus less than two percent from recycling.

With returns amounting to 8.1 percent of sales, "recovering 50 percent by sending a product back to the vendor or selling it puts four percent back on the bottom line," says Curtis Greve, managing director of the non-profit Reverse Logistics & Sustainability Council.

Several trends are adding to the complexity surrounding retail returns. Topping the list is the overall economy. Swings in product prices and transportation costs constantly change the threshold at which it is worthwhile to pour additional resources into trying to recoup value from a returned product.

Second is omni-channel consumers' expectation that they can interact with a retail brand the same way, whether they are in a store, online, talking to a call center, or interacting via mobile device. Retailers have been scrambling to bring siloed back-end systems and processes into a centralized IT environment to fulfill this omni-channel expectation.

Many omni-channel retailers find it necessary to create workarounds to manage reverse logistics. Women's apparel and home decor retailer Soft Surroundings

CANADIAN TIRE PERFORMS PREVENTIVE MAINTENANCE

A streamlined returns process makes customers happy. Even better is preventing returns by making sure products live up to their expectations in the first place.

That's the thinking at hardgoods retailer Canadian Tire, and it's the top priority for Derek Wishart, manager of reverse flow operations for the Toronto-based company. Wishart is helping to drive a multifaceted effort to ensure the product and performance quality customers expect.

"We sell products designed for life in Canada," he says. "We want to put products in customers' hands, and find out, in-depth, how they use them."

The company's approaches for enhancing product and performance quality include:

1. **Collecting feedback.** Canadian Tire uses its Web site, social media, surveys, and feedback from customers returning products to collect data about its merchandise.
2. **Testing.** Customers expect the retailer's private label merchandise to last a lifetime. Many products undergo various levels of quality testing, and those with numerous moving parts, such as lawnmowers, get deep testing.
3. **Associate feedback.** Returns processors submit their own notes on customer returns, and employees are also asked to provide experiential feedback on test products.
4. **Design analysis.** Engineers solve design problems that emerge from the feedback and testing.
5. **Information.** When it's clear customers are having trouble with product user manuals, Canadian Tire requests rewrites to clarify the information. The retailer also trains sales staff to help them guide customers to the right product, as well as instructions for how to use it. Associates at the returns desk may also offer some high-level guidance to forestall a return.

Canadian Tire proactively solicits feedback from customers to help prevent returns.

A few years ago, for example, Canadian Tire experienced a high volume of pressure washer returns. Engineers solved some design issues, and product managers rewrote the manual. As a result, the return rate plummeted. "It made a significant difference in that line of our business," Wishart says.

To protect products during shipping both to the customer and on the return, some retailers are investing in sturdier packaging. Sealed Air's Instapak foam packaging, for example, provides protection against shock and vibration during shipping and handling.

offers some goods in each of its channels—e-commerce, stores, and catalogs—that aren't available in all. "If we allow omni-channel sales, we need to allow omni-channel returns," says Laura Barrett, the company's vice president of operations.

The company attempted to address the issue by enabling store associates to access separate systems to process each type of return. But it became clear that it isn't easy to improvise within the physical reverse logistics supply chain. For example, if a customer purchases a chair online, then returns it to a store that doesn't sell furniture, Soft Surroundings introduces the return into store inventory. The company plans to develop a better long-term solution.

Retailers with long-established consolidation centers that are separated by channel are also working to merge those facilities. "Home Depot's centralized returns processes are only a few years old, so we're well-positioned to effectively unify into a centralized returns process," says Johnston.

"Our online and brick-and-mortar channels need to operate as one," agrees Brad Dockter, senior group manager, non-retail supply chain, for big-box retailer Target. "Integrating two different channels into one streamlined operations, and reduced the cost of returns by leveraging return to store."

The rise of e-commerce has also meant an overall increase in return rates, particularly for apparel, home goods, furniture, and other items best experienced in-person. Some customers buy several similar items with the intention of keeping only the one they like best.

Most e-commerce retailers also offer returns via parcel, often including a return shipping label in the box. To ensure the product remains in good condition through shipping both to the customer and on the return, some retailers are investing in sturdier packaging that can handle a longer transportation cycle.

"Retailers are also making repackaging more intuitive for the customer," adds Lance Wallin, vice president, product care, e-commerce solutions, for packaging materials maker Sealed Air.

REDUCE, REUSE, RESPECT REGULATIONS

With 400 million electronic items ending up in landfills every year, a growing number of jurisdictions are imposing new requirements on tracking and safely disposing of certain goods and materials. Consumer electronics are a major focus, but other products are included in the rules as well.

"For many years, the Environmental Protection Agency (EPA) had not defined hazardous waste for the reverse logistics sector," says Johnston. But that changed over the past few years, prompting Home Depot, Walmart, and other companies to work with the EPA to clarify regulations. Under the statutes, retailers are responsible for executing and documenting their good faith efforts to ensure they properly dispose of the governed goods. Stepped-up enforcement of laws regulating hazardous materials such as herbicides is driving increased spending on specialized waste-removal services.

Consumable goods are subject to their own set of requirements and processes, such as managing expirations. Many food manufacturers and retailers set up local donation programs to deal with saleable returns and procedures for destroying expired product.

Recalls represent an especially complex facet of the reverse logistics supply chain. They require fast action, detailed reporting, and processes that ensure recalled product doesn't enter the secondary market. The average retailer handles recalls infrequently enough that it can be challenging to keep effective programs in place. "Most retailers do not have adequate capabilities to manage recalls, so they often outsource the process," says Inmar's Dollase.

REVISING REVERSE

Retailers are embracing a number of new strategies to maximize value from their reverse logistics efforts. These include:

- **Outsourcing.** Many retailers, particularly larger chains, consider reverse logistics outside their core competency, so they outsource part or all of the function to 3PLs and specialists.

"Reverse logistics is not a core competency, it uses different software, it's hard to get systems help, and nobody in the supply chain wants to run a returns center," notes Greve.

- **A holistic perspective.** "A product's lifecycle used to be cradle to grave, but the new concept is cradle to cradle," says Home Depot's Johnston. This approach involves finding strategies to avoid disposal of returns.

Manufacturers and retailers are increasingly collaborating to establish the most effective reverse logistics processes. This collaboration includes addressing issues such as the handoff location, what and where value-added processes should occur, what liabilities exist and how to address them, and ensuring sustainability and compliance.

Retailers are also looking at their logistics networks holistically, considering forward and reverse operations together. "Connecting the two provides more optimal inventory reuse and rapid redeployment," says Parris. "The better the link, the less time spent trying to fit recovered assets into forward processes."

■ **Prevention.** Some retailers are pushing even farther upstream, seeking to impact return rates during the design process. Soft Surroundings and Canadian Tire, for example, offer a high volume of private label merchandise, and analyze returns data to discover root causes that can be engineered out of the product *(see sidebar, page 51)*. Other retailers collaborate with manufacturers toward this objective.

"Soft Surroundings does returns analysis on every product that comes back in," says Barrett. "We've invested in managing quality and fit, and enhancing our fabrics to create a better product. That has helped to reduce return rates."

But driving returns prevention back to product design is still not as common as it should be, and represents an opportunity for improvement. In consumer electronics, for example, about 65 percent of goods are returned with no fault found; often consumers didn't understand the product. Greve sees opportunity for manufacturers to offer technical support call centers to help prevent returns.

■ **Network reoptimization.** New suppliers come on board. Regulations change. Transportation costs rise. New stores open. These are all reasons why retailers need to continually revisit reverse logistics network design to ensure they are minimizing costs and maximizing recovery rates.

"Most logistics network costs are predicated on about a $2-per-gallon diesel fuel cost," says Greve. So when fuel prices rose in 2007, it didn't pay to move some low-priced goods back to a centralized DC.

"Today, however, regulations deter companies from just throwing product away," he adds. "That will drive more regionalized, smaller facilities as transportation prices rise." Instead of operating, say, three returns centers across the United States, companies will run 10 or 15, handling items such as old point-of-sale systems and fixtures in addition to retail returns, Greve predicts.

DRIVEN BY DATA

At the heart of many of these reverse logistics initiatives is better use of data.

"Logistics service providers have the opportunity to offer business intelligence tools and value-added services to investigate and look for patterns—information a retailer can marry up with data to see, for example, if a product launch had a higher-than-expected return level," says Vehec.

It starts with procurement—or better yet, design. Collecting details on each material used in a product enables the reverse logistics function to predetermine how it should be handled upon return, speeding the process and increasing the potential revenue.

"When we procure product, we work with our vendors to set up proper returns channels," says Target's Dockter.

Pertinent data goes beyond information about the item returned. By combining that information with audits of supply chain, point-of-sale, and other data, retailers can pinpoint the root causes of unsaleables—such as issues with customer sentiment, forecasting, replenishment forecasting, product damage, and shelf rotation—then work with manufacturers to address the problems.

"Increasingly, our retail partners are working with us to resolve these issues," says Dollase. "We used to be more focused on the transactional side of returns logistics management, but we have shifted attention to what we can do to keep that product from being returned in the first place. That's the big opportunity."

Access to data at the point of return also provides a frontline barrier against fraud. Retail associates use receipt data to verify purchase, but can also look up serial numbers and check against third-party databases of consumers with high return rates.

Additional methods to authenticate returned products and guard against counterfeit—now a $1-trillion industry worldwide—include embedding holographic images or uniquely engineered molecules into products or packaging, which can be later detected by their presence and concentration.

Visibility into the movement of returns helps retailers adjust operations according to need. Customer relationships are paramount at Soft Surroundings; the CEO often directly responds to customer comments. So if the reverse logistics staff can see a return en route, they can expedite a refund or replacement, and delight the customer.

Analyzing what gets returned and why helps retailers identify patterns that can shape product design and selection. Retailers are also able to get a better overview of reverse operations.

"At Target, analysis enables us to make intelligent decisions," says Dockter. "We use analysis for modeling, and to determine where we should spend our time and effort looking at the supply chain."

That type of information is available more immediately than it was in the past, so Target can plan productivity around returns demand, and make network adjustments quickly.

THE REVERSE LOGISTICS ERA?

As customer expectations grow higher and competition fiercer, retailers are seeking to simultaneously cut costs and enhance the customer experience. Over the past decade, many have embraced forward logistics as a tool for achieving both goals.

Now they're turning their attention to similar opportunities in reverse logistics, both to address customer centricity, omni-channel operations, and regulation, and to extract more value from their returned goods.

That increased focus is working. By collaborating, retailers and manufacturers have cut return rates by 50 percent and more, according to Inmar's Dollase. Analysis by one drug store chain retailer, for example, reveals that 24-count case packs of goods are too large for individual stores, driving a high rate of unsaleables. By reducing the case pack to six, they cut the unsaleables rate by more than 70 percent.

Such results are emboldening other retailers to step up their own reverse logistics activities. ■

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Makeup and skin care companies follow a multi-step logistics routine to manage retailer requirements and smooth the wrinkles caused by supply and demand friction.

AUTY OPTIMIZED SUPPLY CHAIN

by Justine Brown

THE COSMETICS AND SKIN CARE INDUSTRY WAGES A CONSTANT TUG-OF-WAR BATTLE between supply and demand. Beauty product consumers can be fickle—today's hot cosmetics product may be out of vogue tomorrow. Beauty and skin care companies relentlessly promote the latest trends, often enlisting celebrities to help them. Once they generate demand, they must ensure those products are on the shelves and available for purchase while they are hot. Handling products to the point of sale is critical, and requires punctual and reliable transportation, storage, and distribution.

"Beauty consumers want their hot product now, and they do not want to wait," says Paul Cali, director of North American logistics at New York City-based cosmetics and skin care company Avon. "Logistics plays a key role in driving customer satisfaction, which is a competitive advantage."

Managing cosmetics logistics requires expertise in numerous areas. "To thrive in the current business climate, cosmetics logistics managers and third-party logistics (3PL) providers must handle high volumes of product, understand temperature and handling restrictions, navigate licenses, and ensure on-time delivery at a competitive cost," says Fabrício Orrigo, sales director for Penske Logistics South America.

VISIBILITY GETS A FACELIFT

The fast pace of the cosmetics and skin care industry creates a number of logistics and supply chain challenges. Efficient supply chain management is critical, yet because most cosmetics and skin care companies use contract manufacturers, visibility into logistics and transportation can be a major obstacle.

"Sometimes, when a product leaves the distribution center, it disappears into a big black hole," says Valerie Bonebrake, senior vice president at Raleigh, N.C.-based supply chain consultant Tompkins International.

Tompkins works with several large, multinational companies that distribute products around the globe, and often don't have much control over that final link in the supply chain. Some of these companies are turning to transportation management systems (TMS) to help smooth the flow of goods and improve visibility.

"Cosmetics companies have to understand the process before they can improve it or reduce costs, and that comes down to good information management," Bonebrake says.

In Brazil—one of the largest and fastest-growing beauty markets in the world—Penske Logistics uses a TMS to help a large cosmetics client manage on-time delivery of products to customers, dealers, and retailers in big cities such as São Paulo, Recife, and Rio de Janeiro where traffic congestion can create an enormous obstacle, causing tranporation delays that erode profits.

"TMS and route mapping tools provide shippers with accurate simulations, transportation optimization, and cost reductions," says Orrigo.

EASING WAREHOUSE WORRIES

Warehouse management is another important aspect of the cosmetics and skin care industry, as some products are perishable or need refrigeration. The industry is also heavily regulated, and 3PLs need certain licenses to handle products.

In some cases, pharmacists are enlisted to ensure compliance. For example, Penske Logistics employs an on-site pharmacist within its cosmetics client's warehousing operations to oversee processes such as product shelf-life, health conditions, hygiene, and packaging that ensure regulatory compliance.

GETTING A STREAM TREATMENT

Health and beauty care products are often sold into a variety of retail streams. Larger companies frequently target four markets: consumer products to mass retailers and chain drugstores; beauty supplies to salons and professional product groups; luxury brands to department stores and boutiques; and dermatological products through dermatologists.

While large wholesalers often look for less-than-truckload and truckload deliveries, smaller buyers may rely instead on parcel and expedited shipments.

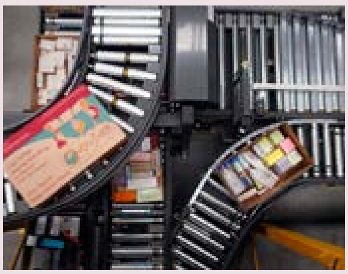
Different mass retailers also often necessitate different packaging. In a large retail or chain drugstore, packaging is critical to helping a product stand out. Various packaging shapes and sizes are the norm—sometimes even for the same product.

"Cosmetics companies working with the

BEAUTY IN BRAZIL

Brazil's beauty and personal care market grew 15 percent in 2010, according to the 2013 *Global Beauty Industry Trends in the 21st Century* report. The country expects continued growth over the next several years, with an increase in specialized products and a broadening of sales channels.

Natura, one of the largest cosmetics companies in Brazil, uses a system of direct sales for its products, which include cosmetics, toiletries, and perfumes. The company's supply chain supports a network of 1.4 million door-to-door sales consultants. With more than 17 million products sold in 2011, the business is experiencing rapid growth, which creates logistics challenges.



Natura worked with a 3PL to build a new DC capable of shipping 330,000 units daily.

To help manage some of these challenges, the company recently turned to Penske Logistics, a third-party logistics (3PL) provider with U.S. headquarters in Reading, Pa. Specifically, Natura was looking to meet increased demand in two strategic states: Paraná and Santa Catarina.

The company needed to build a new distribution center, and wanted support throughout its entire supply chain, including warehouse management, hiring and managing specialized labor, and on-time delivery of placed orders.

Working together, Natura and Penske Logistics created one of Brazil's most modern distribution centers and supply chains within the cosmetics industry. The new facility features a storage capacity of 4,000 pallet positions, and ships 330,000 units daily.

The company also reduced delivery time. Previously, average delivery time was three to five days in the capital of Paraná and its metropolitan area. Working with Penske Logistics, the company cut shipping time to one day in that region. The outsourcing arrangement also introduced express delivery, allowing same-day delivery for some products, depending on the time they were ordered and stock availability.

mass marketing channel might need to package a product in a three-pack for Target and a two-pack for Walmart," says Bonebrake. "The question becomes: if it's the same product and it will just be presented differently, can packaging be done closer to demand to keep inventory more generic?"

Some cosmetics companies achieve this result by using 3PLs implement packaging postponement strategies.

"Postponement allows companies to package items closer to demand, and that can also include specialized displays and promotional features," says Bonebrake. "Promotions are critical in the beauty industry, so cosmetic and skin care companies are paying more attention to how they can accomplish those initiatives affordably."

MARKETING VS. LOGISTICS MAKEOVER

Because the beauty business is market-driven, marketing drives many beauty companies. Cosmetics companies that plan ahead, and encourage marketing and logistics functions to work together, may have a better chance at successfully completing their missions more cost effectively.

"When marketing engages logistics on the front end of a campaign, they can help determine the best way to manage the projections and timing, and not operate in a reactionary mode," says Bonebrake.

Avon works with Seattle-based third-party logistics company Lynden, which provides order-to-cash solutions, order fulfillment, and warehouse management for the health and beauty care industry.

"One challenge the cosmetics industry faces is fully aligning the commercial side of the business with key customer requirements, then developing a logistics strategy that balances the service and cost relationship to gain a competitive advantage," says Avon's Cali. "One solution is a robust sales and operations planning process that brings all cross-functional partners together in sharing a common vision, and places accountability for execution within the process."

Whether a cosmetics company sells to the mass market, specialty retail, or via e-commerce, taking transportation and logistics considerations into account is critical to easing the perpetual tug-of-war between supply and demand. ■

PAULA'S CHOICE: AN EAST COAST DISTRIBUTION PARTNER

At the age of 25, Paula Begoun was so frustrated with the quality of skin care products on the market, she decided to do something about it. Begoun conducted some research, examined ingredients, investigated the sources of products, and uncovered other secrets of the beauty and skin care industry.

Using that information, Begoun founded Renton, Wash.-based makeup and skin care products company Paula's Choice in the mid-1990s, and became a nationally recognized consumer expert for the cosmetics industry.

Paula's Choice has grown steadily since its inception. In 2013, private equity firm Bertram Capital purchased the majority share of the company, setting the stage for even more significant growth.

From the beginning, Paula's Choice has sold direct to consumers via the Internet. But the company's expansion plans as part of the Bertram Capital investment involve transforming from an online-only brand to one available via brick-and-mortar stores and, potentially, home shopping. As a result, the company's logistics needs are changing. Currently, all distribution is done through a company-owned West Coast distribution facility near Seattle. The company also exports to a network of distributors globally.

"Our DC is at the northwestern corner of the United States, and many of our customers are east of the Mississippi," says Jon Hughes, director of operations for Paula's Choice. "Our warehouse team is great, but regardless of how fast they got orders out the door, we needed a second distribution point."

The company recently spent nine months searching for a logistics partner, eventually choosing to work with King of Prussia, Pa.-based eBay Enterprise to open an East Coast distribution center.

"We were looking for a proven Internet fulfillment company with locations that could serve our customer base, and improve our already fast delivery times," says Hughes. "We also needed the scale for our growing order volume, technology infrastructure for timely integration with our system, and a variety of value-added services."

Hughes visited a handful of cities and spoke to dozens of vendors before deciding on eBay Enterprise. A larger beauty brand with several lines is fulfilled at one of eBay Enterprise's facilities, and that was a big selling point for Paula's Choice. Still, turning over a huge portion of the company's distribution will require some adjustment.

"We aren't eBay Enterprise's only customer, so we have to be in constant contact with them about our requirements and forecasts to ensure we have the manufacturing and inbound trucking capacity we need," says Hughes.

Paula's Choice recently completed final testing with eBay Enterprise, and expects to soon ship its first order from Shepherdsville, Ky.

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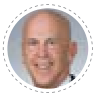
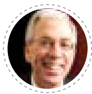


George W. Prest
CEO, MHI



Scott Sopher
Principal, Deloitte Consulting LLP

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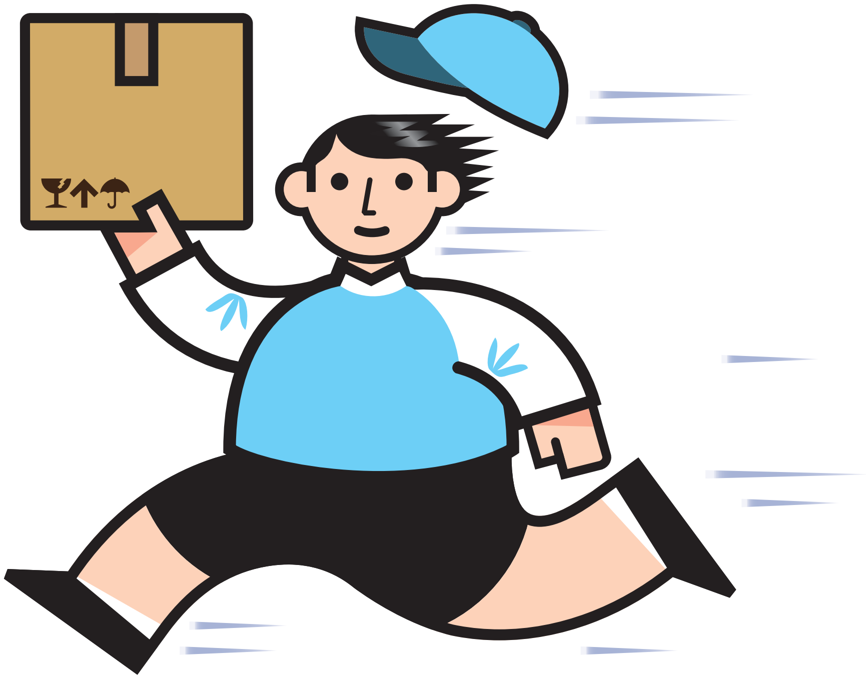

SAME-DAY DELIVERY:

THE AMAZING RACE

The same-day delivery race puts crowdsourcing, bicycles, and delivery vans on the same team.

By Joseph O'Reilly

The promise of same-day delivery has many brick-and-mortar retailers champing at the bit to get in the race. In a world where speed and immediacy sells, stores know this hyper-level customer service can help them claw back market share from online-only competitors.

When consumers really need an item in a pinch, it's always just a car ride away. Soon, they may not even have to even get in the driver's seat.

Walmart, Amazon, and Google, among others, are piloting same-day delivery projects in select locations around the country that have enough density and demand to drive the value proposition. But obstacles persist, and success is contingent on critical mass. Expedited transportation is costly, and last-mile capacity is likely to become even more constrained as e-commerce grows. And moving small volumes over short distances at warp speed can make anyone with an environmental inkling wince.

In spite of these challenges, mainstream adoption of same-day delivery may be coming faster than you think. In fact, it might be right around the corner—with the bike messenger, the flower delivery guy, or even the neighbor you didn't know down the block.

This is the promise that stirs Garrick Pohl, co-founder and CEO of Zipments, a New York City-based technology company that has evolved into a virtual freight broker for local and regional courier services. The company serves four types of customers: retail, professional services, consumers, and restaurants.

Many companies are still in beta mode as they test the feasibility of regional, metro, and nationwide same-day delivery. Zipments is among a number of IT startups trying to support retailers through this discovery phase.

Pohl recently met with *Inbound Logistics* to talk about the pressures shaping same-day delivery dynamics, how bicycles play a role in creating capacity, and what the future of crowdsourcing last-mile logistics might look like.

IL: How did you come up with the idea for Zipments?

Pohl: The two other co-founders and I were part of another start-up, where we worked on mobile fleet management solutions—monitoring driver behavior relative to maintenance schedules and fuel consumption. That was our first foray. But we saw what mobile technology could do—provide an app that can tell if drivers are going too fast, ping their cell phone, keep fuel consumption in check, and curb their enthusiasm.

Intrigued by the new concept of crowdsourcing, we started Zipments in 2010. We weren't sure how same-day delivery would work in a business-to-business logistics model because it needs 100-percent reliability, and crowdsourcing doesn't lend itself to that.

So we started with a consumer, peer-to-peer focus and launched our first service in the Midwest. We might deliver a Craigslist item to the home, or pick up laundry that someone in the neighborhood could help out with.We offered no guarantees, and rates were negotiable between buyer and seller.

One year later, we began looking for a market with greater density and landed in New York City. We realized we had to build a completely different business offering 100-percent guarantees and a definitive pricing model. That led us to what we are today: a robust, primarily business-to-business service.

IL: Zipments aggregates courier capacity–whether it's a truck, van, or bicycle messenger–in effect, creating capacity that didn't exist before, especially in urban areas. How does this all work?

Pohl: When we moved from the Midwest to New York City, we discovered that mode is dependent on the region. In the suburbs, for example, a lifestyle courier is an attractive job opportunity—perfect for someone who does it part-time, or opts in to take jobs that are along common routes. On the other hand, in New York City and other major metro areas, we typically partner with existing courier companies or full-time independent contractors. They have a better understanding of the landscape where they work, whether it's navigating traffic or negotiating building security.

For the most part, many startups in the same-day delivery space are perceived as 'fetching' applications — that they exist solely to provide consumers with the fastest delivery possible. That's not the case for Zipments; we're tapping into latent capacity.

At the fleet management solutions startup, we worked on a project with a large auto parts retailer. It had about 5,500 pickup trucks that performed milk runs between retail stores and auto body shops, as well as 2,000 sedans that salespeople used. Of the 7,000-plus vehicles that were running around the country, many were idle most of the day.

So whether it's auto part milk runs, florist delivery vans, or bicycle messengers, there's a huge nationwide fleet of latent capacity. We're trying to work with these various fleet managers to help them better utilize their assets and serve other sectors.

One opportunity we have with the bicycle fleet is a new mode of transport—cargo bikes. We have a lot of these in New York City, and they carry up to 500 pounds of payload. We see cargo bikes as a viable portion of the overall fleet.

IL: What challenges have you run into?

Pohl: The challenges are typical of any unified operation system where bike messengers or any type of delivery people have to abide by new standards, whether it's proper technology training or communication skills. Messengers are no longer just delivering documents. They have to go into the store and interact with the retailer.

It's a different workflow than what they've handled before. Where they previously focused on delivering small documents in 15 minutes, now they have to transport large boxes in one or two hours. But the technology layer helps to create this unified delivery experience.

IL: Is there a sweet spot as far as distance?

Pohl: It's segmented both in terms of the markets we serve, and the modes of transportation. Metro delivery is anything less than 10 miles. Our bicycle deliveries can manage that. Ten miles is pushing it, but you'd be surprised the distance some of them can cover in one day.

Local deliveries extend out to 20 miles; while suburban deliveries reach 30 to 50 miles. Regional deliveries are akin to going from New York City to Philadelphia. We don't do many regional deliveries yet, but as the network grows, we expect that segment to expand. There is capacity for regional deliveries; people are passing through these corridors every day.

IL: Does this type of same-day delivery service drive more just-in-time-type replenishment?

Pohl: We do a lot of restaurant deliveries that are not high priced, so we don't see a huge economic advantage one way or the other. But retailer expectations are becoming more like restaurants. Customers want product in a few hours, and retailers have it ready to go. They have the ability to fulfill orders quickly in-store. The delivery scenario is the same as somebody showing up at the local pizza place, grabbing the pie that just came out of the oven, and getting it to the customer in 30 minutes or less. We're starting to see more of that happening with retailers.

We also move a lot of volume between stores, especially in metro areas where retailers are shrinking their footprints. A customer might walk in and say, 'I like this shirt, but can I get it in green?' and the salesperson answers, 'Sure, we have it in another store. We can get it to you later today.' We see more of that kind of transaction. The cost increase is moving product around; the cost savings is in reducing the square footage of your store.

IL: How does your model play with the growth of e-commerce and increasing demand for direct-to-home deliveries?

Pohl: The sexiest part of the business—what gets investor capital riled up—is the idea that we can support omni-channel initiatives. When it comes to retail, those initiatives generally fall into two categories. First are the small, local retailers that want to have a brick-and-mortar presence close to demand. But they also want to develop online tools and fulfillment that echo Amazon. For those retailers, it doesn't matter whether a driver in a flower shop van or on a bike shows up to make the delivery, as long as the service is acceptable.

The second omni-channel initiative comprises big-box retailers, who focus more on the overall presentation of the service. I'm a huge advocate of what Walmart is doing with regard to crowdsourcing deliveries, and it is far from the only retailer looking at this.

Crowdsourcing deliveries becomes a matter of bringing neighborhoods back together again—where one person walks out of a store, sees someone close by who has a delivery request, and can be compensated in some way for making that delivery. Knowing it's someone who lives up the road creates a better delivery experience. Retailers have a huge opportunity to capitalize on that social connection.

Zipments uses bike messengers, delivery vans, and crowdsourcing to provide same-day deliveries in local communities.

For example, consider the relationship between a customer and big box grocery store. You go to the big-box store once a week and spend $100. In the middle of the week, you have a hankering for ice cream. You don't want to drive all the way back to the big-box, so you stop at Walgreens on the way home from work.

The larger stores want to stop you from hitting the corner store; that's their goal. They want to continue their relationship with you, to the point where they can predict that on Wednesday night you'll probably want ice cream, so they go ahead and send it to you.

This may be years down the road, but that's the question all retailers are moving toward answering—how do we utilize delivery to maintain the ongoing relationship day after day?

IL: Did you draw any inspiration from fulfillment and delivery models elsewhere around the world?

Pohl: We looked at two examples outside the United States. One was the method of delivery. Cargo bikes, for example, are big in Europe.

We also looked at the on-time demand request coming out of Asia, where a kiosk on a train platform enables people to use their mobile phones to scan items from a grocer that they want delivered to their homes later in the day.

The same thing is happening with retail and local delivery that occurred with mobile technology—it started strong in Europe and Asia, then migrated to the United States. We put new cargo bikes on the road that came from Europe, and they are head-turners. People don't see those types of bikes going down U.S. city streets every day. ■

3PLs

A&R Logistics • www.artransport.com

A&R Logistics specializes in bulk transportation, packaging, distribution, and logistics. A&R provides dependable, quality services to meet your distribution and logistics needs. Through analytical reviews, A&R customizes timely, cost-effective solutions for your company. Put A&R's experienced staff and extensive affiliate network to work for you, and realize global solutions in a changing worldwide market.

LEGACY Supply Chain Services • www.legacyscs.com

LEGACY Supply Chain Services is a fully integrated supply chain and logistics provider that reduces costs, improves service, and creates a performance-driven culture that empowers employees to continuously find ways to improve. LEGACY has enhanced its service offering, achieved a greater network of resources, and expanded its warehousing and transportation capabilities on a national and global level to better serve customers.

ASSOCIATIONS

American Society of Transportation & Logistics • www.astl.org

The American Society of Transportation and Logistics (ASTL) provides a career pathway of lifelong learning for professionals in the transportation logistics industry. Earn your industry credential as a GLA, PLS, CTL, or DLP and an opportunity to connect with colleagues around the world. ASTL provides state-of-the-art knowledge for developing practical answers to today's transportation and logistics challenges.

Material Handling Industry (MHI) • www.mhi.org

Material Handling Industry (MHI) is an international trade association that has represented the industry since 1945. MHI members include material handling equipment and systems manufacturers, integrators, third-party logistics providers, consultants, and publishers. The association also sponsors trade events such as ProMat and MODEX to showcase the products and services of its member companies and to educate industry professionals on the industrial productivity solutions provided through material handling logistics. Much of the technical work of the industry is done within its product-specific sections, councils, and affiliates.

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IN THIS SECTION:

Associations • Education

Transportation & Logistics Council (T&LC) • www.tlcouncil.org

T&LC, established in 1974, is a not-for-profit corporation dedicated to serving the interests of the supply chain community through education and representation in issues relating to the transportation of goods. Virtually anyone who is directly or indirectly involved in transportation, distribution, logistics, purchasing, shipping, risk management, insurance, cargo inspection and surveying, loss prevention, packaging, customer service, consulting, and legal services can benefit from membership. To learn more about the benefits of becoming a T&LC member, visit www.TLCouncil.org

EDUCATION

Elmhurst College • www.elmhurst.edu/scm

The MS in Supply Chain Management program at Elmhurst College is designed for professionals with at least three years of work experience in any area of business, and provides them with a broad perspective on supply chain management. Combining coursework in logistics, manufacturing, inventory, transportation, technology, and procurement management, this 21-month part-time program culminates with a team presentation of a "real-world" consulting project, requiring one year of work and development.

Institute of Logistical Management (ILM) • www.ilm.edu

ILM offers quality, cost-effective, self-paced professional certifications in transportation, logistics, and supply chain for students to achieve competency in the logistics industry. ILM integrates transportation, logistics, and supply chain to certify professionals for real-world application. Now offering eight certifications. For further information, contact us at 888-456-4600 or info@logisticseducation.edu.

Penn State World Campus • www.worldcampus.psu.edu/logistics

The online Master of Professional Studies in Supply Chain Management enables students to accelerate their careers with the institution ranked No. 1 by Gartner for supply chain education. The 30-credit, two-year degree program is designed to fit the schedules of working professionals. Students conveniently utilize a digital classroom, unconstrained by a set time or place, to interact with fellow students and program faculty.

IN THIS SECTION:
Education – Shipping Software

The Ohio State University – Fisher College of Business
go.osu.edu/scm2014

Learn a unique, proven approach to using cross-functional business processes to co-create value and drive performance. Executives from leading-edge companies and researchers with Ohio State's Global Supply Chain Forum have spent 20 years developing a strategic framework for supply chain management that focuses on managing essential business processes, both cross-functionally and with supply chain key members. Now, executives in your organization can benefit by attending one of our open enrollment seminars. Supply chain management is everybody's job. Contact us at 614-292-0331.

FREIGHT PAYMENT/AUDIT SERVICES

A3 Freight Payment • www.a3freightpayment.com

A3 Freight Payment partners with large-volume shippers who are seeking a high degree of customization, exceptional customer service, reliable processing, and minimum resource involvement in managing their solution. The A3 Freight Payment team has a track record of designing, implementing, and managing global freight payment solutions for some of the largest shippers in the world. This experience is crucial to the successful development and deployment of a solution while ensuring a smooth transition for our clients.

LOGISTICS IT

LeanLogistics • www.leanlogistics.com

LeanLogistics meets the needs of major shippers of goods with its far-reaching, true Software-as-a-Service (SaaS) technology—On-Demand TMS®. Customers reduce their transportation cost and increase efficiency with a typical payback of less than one year. Dozens of companies have selected On-Demand TMS® to address challenges such as obtaining carrier coverage, managing ever-changing networks, controlling inbound freight, creating continuous-move opportunities, and settling freight bills quickly and accurately.

SHIPPING SOFTWARE

Key Software Systems • www.keysoftwaresystems.com

Key delivers the most innovative, all-in-one courier management solution in the industry. Sophisticated features, along with a user friendly interface, can be customized to meet the dynamic needs of your changing business. Maximize your productivity with a truly integrated and reliable courier, dispatch, and logistics system. Increase accuracy, accountability, and profits for your business.

IN THIS SECTION:

Site Selection – Trucking-LTL

SITE SELECTION

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www.ekpc.coop/economicdevelopment.html

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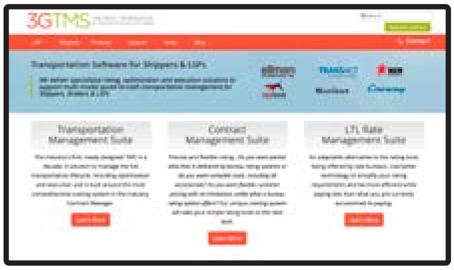
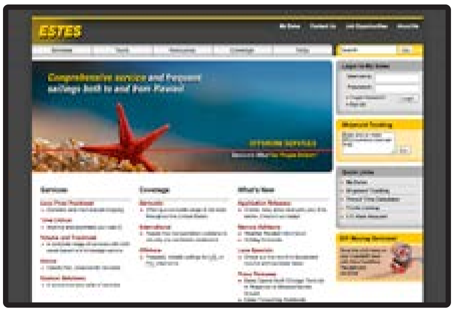


3GTMS • www.3gtms.com

3GTMS is a developer of transportation software for LSPs and shippers. This third generation of TMS – delivered on a single cloud or on-premise platform – is designed for transportation professionals by the experts who invented TMS, and have now reinvented it offering an easy-to-use solution that simplifies inbound and outbound transportation planning and execution.

TRUCKING-LTL



Estes Express Lines • www.estes-express.com

Estes delivers a full array of transportation and supply chain management services for virtually any shipping situation—no matter where your freight needs to go. Whether you have LTL, truckload, special equipment, timing, destination, or logistics needs, our experienced transportation experts work with you to create innovative solutions to get the job done on time—and on budget.

Saia LTL Freight • www.saia.com

For nearly 90 years, Saia LTL Freight has been providing customers with fast, reliable regional and interregional shipping. With 147 terminals located in 34 states, Saia LTL Freight offers a range of products and services that are backed up by a guarantee like no other in the industry. Our Customer Service Indicators, or CSIs, allow us to measure our performance each month against a set of six indices that our shippers said are the most important to them.

White Paper Digest

Industry experts amass supply chain management best practices and skill sets, and invest in new research and evaluation tools. Now you can benefit. *Inbound Logistics* has selected this collection of whitepapers that will give you a jump on important supply chain issues. For more information on any of these whitepapers, visit the websites listed below.

Manhattan Associates

TITLE: ***Is There Ever an "Average" Day? Incorporating Variability Into Transportation Modeling***

DOWNLOAD: *bit.ly/1dgi2G8*

SUMMARY: Your transportation policy defines the framework upon which all transportation decisions will be made, so it's imperative to construct it in a manner that is not overly constricting. Averages rarely reflect reality, so strategic planning should utilize a "stochastic" approach based on calculated probabilities. The latest transportation modeling technology allows for combined stochastic optimization and simulation, which enables analysts to incorporate known variability in developing transportation policy.

3PL Central

TITLE: ***The Five Reasons Smart Start-Up Warehouses Say Their Best Move Was to the Cloud***

DOWNLOAD: *www.3plcentral.com/Smart-Start-Ups*

SUMMARY: Thinking of starting up or spinning off a new warehouse or 3PL? Then a cloud-based warehouse management system is the only way to go. To learn why many start-ups feel this way, download 3PL Central's latest whitepaper, *The Five Reasons Smart Start-Up Warehouses Say Their Best Move Was to the Cloud*, today.

enVista

TITLE: ***Don't Just Report on Vendor Non-Compliance, Minimize It***

DOWNLOAD: *bit.ly/16KsB2P*

SUMMARY: Improved vendor management offers several important implications to your business, including: improved customer service, minimized lost sales, and significantly increased profits. In this whitepaper from enVista, you'll learn how to develop strategic vendor management programs to achieve significant cost savings, and ways to effectively mitigate vendor non-compliance activity before it happens.

DHL

TITLE: ***The Resilient Supply Chain***

DOWNLOAD: *http://supplychain.dhl.com/Resilience-360*

SUMMARY: The need for supply chain resilience has never been greater. Rising volatility and uncertainty in global supply chains is causing traditional supply chain management models to break down. Natural disasters, socio-political unrest, conflict, economic uncertainty, market volatility – these and more threaten catastrophic disruption without warning. How can you identify and prioritize such risks? Can you really build in resilience to future-proof your supply chain? Yes, you can, according to DHL's latest whitepaper. Learn more when you download your free copy.

New Course

TITLE: ***Operational Keys for a Successful WMS Go-Live***

DOWNLOAD: *www.newcoursellc.com/operational-keys-whitepaper*

SUMMARY: In any large warehouse management system (WMS) go-live, the key to operational success is having multiple layers of planning in place to identify and resolve issues as they occur. New Course's whitepaper outlines the mission-critical operational activities you need to anticipate and plan for early on when deploying a WMS project. Whether you're considering an SAP WM/EWM or a WMS solution with Manhattan, JDA, HighJump or one of the other best-of-breed vendors, this whitepaper is a necessary guide that will help ensure your project's success.

Saddle Creek

TITLE: ***Optimizing Distribution Networks for a Competitive Advantage***

DOWNLOAD: *bit.ly/SC-DC-Net*

SUMMARY: Today, more and more companies are finding value in optimizing their distribution network. By taking a strategic approach to network configuration, they are improving service levels, better managing inventory, and reducing transportation costs. Less demanding in terms of infrastructure, systems, cost, and time than full-scale supply chain optimization, this targeted approach delivers remarkable results. Download this new report for a closer look at how distribution network configuration can impact supply chain effectiveness.

Tompkins International

TITLE: ***Personalized Multichannel Logistics***

DOWNLOAD: *tompkinsinc.com/white-paper/2013/multichannel-logistics-beyond-distribution-fulfillment-centers*

SUMMARY: "Flawless" is the word used to describe customer expectations in this new whitepaper from Tompkins International. It is no longer about how companies want to deliver the product to the customer, but about how the customer chooses to have the product delivered. Traditional distribution centers (DC) and fulfillment centers (FC), respectively, only serve one channel. A flexible DC, FC, or combination of both, makes the most sense for meeting today's customer demands. Download this whitepaper to explore how to reap the benefits of implementing flexible fulfillment and distribution operations.

INBRIEF | NEW SERVICES & SOLUTIONS

DHL Global Forwarding began operating a new temperature-controlled airfreight service between Cincinnati and Brussels. The flights run six times weekly in each direction, and all aircraft have four controllable temperature zones.

// SERVICES //

Old Dominion Freight Line relocated its Salina, Kansas, facility to a larger building located near Interstates 70 and 135. The new facility serves the area's agricultural, construction, and manufacturing sectors.

Less-than-truckload carrier **Southeastern Freight Lines** opened a new service center in Jacksonville, Fla. The 125-door facility replaces a previous facility in the area, has 19,000 square feet of warehouse space, and dedicates 10 doors to international shippers from Puerto Rico and the Caribbean.

Third-party logistics provider **LeSaint Logistics** expanded its lease at the Memphis International Airport Center from 34,015 square feet to 91,300 square feet. The 3PL expanded the facility to assist Memphis-area shippers with distribution and logistics needs.

To better serve the healthcare industry in Portugal, supply chain management firm **SDV** constructed a 4,300-square-foot temperature-controlled warehouse adjacent to its existing warehouse in Lisbon. From this new facility, SDV provides storage, stock control, packing, and consolidation services.

Henningsen Cold Storage started construction on an expanded distribution and manufacturing support facility in Portland, Ore. The expanded facility will offer frozen and refrigerated warehousing services to the Pacific Northwest market, and is scheduled for completion in May 2014.

Logistics software solutions provider **Epicor** moved its global headquarters from Dublin, Calif., to Austin, Texas. The Dublin location remains open, and continues to head up the company's retail distribution solutions business.

Third-party logistics provider **C.H. Robinson** opened a new facility in Innsbruck, Austria. This location expands the 3PL's global network, and enables personalized service to regional shippers and carriers.

Kane is Able opened a 211,000-square-foot distribution center in Rialto, Calif., 50 miles west of Los Angeles. The facility provides crossdocking, distribution, and transportation services.

//TRANSPORTATION//

Logistics provider **Averitt Express** now offers climate-controlled solutions in self-contained, self-powered, less-than-truckload shipping units. Using these containers allows for shipping with other climate-controlled units or dry cargo, and offers cargo tracking–including humidity, temperature, and entry alarms–to shippers.

UPS Worldwide Express Freight started operating an express airfreight service for urgent, time-sensitive, and high-value international heavyweight shipments to and from the United Arab Emirates. The door-to-door service is for pallets weighing more than 150 pounds and offers one- to three-day shipping options.

APL, **Maersk**, and **OOCL** are cooperating on three existing services from the Far East to the Indian Subcontinent. The carriers, along with partners **CMA CGM**, **Emirates Shipping**, **Hamburg Süd**, and **Regional Container Lines**, provide 18 ships with a total capacity of 17,500 TEUs to operate three weekly sailings covering China, Korea, India, Pakistan, Malaysia, and Singapore.

Crowley Maritime Corporation's liner services group added 537 refrigerated containers to its fleet. The 40-foot reefer containers replace 337 aging units, and expand the company's fleet by 200 units in order to serve the growing produce industry in Central America, Puerto Rico, and the Caribbean.

Cargolux Airlines purchased an additional Boeing 747-8 freighter as part of its ongoing fleet expansion and renewal process. The new aircraft replaces an older 747-400 freighter, and has lower operational costs.

CipherLab's 8600 series mobile computer can endure exposure to dirt, water jets, and drops from less than six feet. The devices come with wireless network and Bluetooth 4.0 for real-time data transmission, and can be fitted for linear imager, laser, 23 imaging, and RFID operations. Swappable 29- and 39-key keypads can be switched as needed.

//PRODUCTS//

Materials handling solutions provider **Intelligrated's** Alvey 950F and 750 series palletizers integrate robotic arms to provide flexibility and accuracy while creating stable single-SKU or mixed-SKU pallet loads. The palletizers can satisfy retail-ready requirements, including labels-out configurations for end-of-aisle displays, and are useful in applications with reduced primary or secondary packaging.

Presto Lifts redesigned its PowerStak line of pallet stackers to improve performance and ergonomics. New features include a turtle speed that reduces drive speed by 50 percent during precise positioning operations, steel straddle legs, improved heat dissipation, left- or right-hand operation, and easy maintenance access.

Materials handling systems supplier **Dematic's** Put Wall System enables efficient high-density picking using multiple workstations. Pre-selected SKUs are contained in individual compartments that hold one customer order. Put Walls can support any number of separate order compartments, and can be configured in different sizes to handle multiple order volumes.

The Multi-Load Tote from **Akro-Mils** maximizes storage space in mini-load automated storage and retrieval systems, or can be used as a stand-alone storage container. Features include a reinforced bottom for conveyor travel, ribbed sidewalls and reinforced rim for durability, and optional removable cups and dividers that create individual compartments within the tote.

Integrated Systems Design's UltraBatch order-picking workstation automates the batch-picking process by automatically inducting new orders and sending filled orders to the next workstation. Orders are queued by software, and operators follow the integrated pick-to-light system to place items into the proper totes or containers.

//TECHNOLOGY//

FedEx Express expanded its *SenseAware* tracking service for critical, high-value, and time-sensitive shipments into 14 European countries, including Belgium, Italy, France, Spain, Switzerland, Netherlands, Ireland, Denmark, Norway, Sweden, Finland, Czech Republic, Poland, and Germany. The *SenseAware* online application provides shippers with near-real-time visibility of their freight.

Supply chain software provider **Softeon** released a new freight audit and payment system that allows companies to conduct their own freight bill audits across parcel, less-than-truckload, and truckload carriers without using a third-party service.

Accellos, a global provider of logistics software solutions, updated www.mile.com. New features on the transportation industry website include enhanced content, such as industry whitepapers, case studies, and videos. The site also offers a free commercial mileage tool, *Prophesy webMiler*.

Yusen Logistics and Africa-based healthcare supply chain services provider **Imperial Health Sciences (IHS)** launched a dedicated, temperature-controlled sea freight consolidation service to South Africa. Yusen personnel track the weekly sailings from Antwerp, providing visibility as goods move to IHS' Cape Town, South Africa, warehouse. Final-mile delivery services are also available to shippers.

E2 Planning & Response version 11.2 from global trade software solutions provider **E2open** includes improved what-if scenario simulation capabilities, network planning visualization and analytics, and certified SAP adapters. The enhanced capabilities are available in the cloud.

CALENDAR | YOUR LOGISTICS DATEBOOK

MAY 2

Los Angeles Chamber of Commerce

88th Annual World Trade Week Kickoff Breakfast

www.worldtradeweek.com | Los Angeles, Calif. | thru May 2

AUDIENCE: International supply chain, logistics, and trade professionals
FOCUS: The importance and benefits of global trade to the U.S. economy

CONFERENCES

MAR 17–20, 2014 Atlanta, Ga.
MHI

MODEX 2014

www.modexshow.com

AUDIENCE: Manufacturing, distribution, and supply chain professionals
FOCUS: Shipping trends for global supply chains, materials handling industry report, keynote speech from former CEO of Walmart, materials handling exposition

MAR 17–20, 2014 Atlanta, Ga.
SITL

Supply Chain & Transportation USA

www.supplychainusaexpo.com

AUDIENCE: Transportation, logistics, and supply chain professionals
FOCUS: Using modeling technology to find hidden savings in the supply chain, employee engagement and supply chain certification, nearshoring

MAR 18–19, 2014 Atlanta, Ga.
Center for Innovation of Logistics

Sixth Annual Georgia Logistics Summit

www.georgialogistics.com

AUDIENCE: Transportation, logistics, and supply chain professionals
FOCUS: Global logistics, manufacturing, serving international markets, tomorrow's supply chain

APR 7–8, 2014 Atlanta, Ga.
Terrapinn

Home Delivery World 2014

www.terrapinn.com/homedelivery

AUDIENCE: Supply chain, transportation, fulfillment, logistics, e-commerce, information technology, and warehousing professionals
FOCUS: Developing a carrier management program, optimizing final-mile delivery with technology, expanding into international markets

APR 13–16, 2014 Orlando, Fla.
National Shippers Strategic Transportation Council

NASSTRAC Annual Shippers Conference & Transportation Expo

www.nasstrac.org

AUDIENCE: Transportation and supply chain executives, logistics providers, manufacturers, retailers, distributors
FOCUS: Capacity challenges; cost management; issues facing carriers, including CSA, Hours-of-Service rules, and fuel surcharges

APR 26–30, 2014 San Diego, Calif.
Global Cold Chain Alliance

123rd IARW-WFLO Convention & Expo

www.gcca.org

AUDIENCE: Supply chain professionals in the cold chain
FOCUS: Cold chain exhibition, domestic and international market development, warehouse law, risk management and liability, operations management, best practices in talent management

APR 28–30, 2014 Greenville, S.C.
International Quality & Productivity Center

Nuclear Supply Chain: Procurement & Vendor Management Summit

www.nuclearsupplychainevent.com

AUDIENCE: Procurement, supply chain, and logistics professionals in the nuclear power industry
FOCUS: Regulatory compliance, advancements in nuclear technology, procurement strategies, quality assurance, supplier relationship management

MAY 5–8, 2014 Las Vegas, Nev.
American Wind Energy Association

WINDPOWER 2014

www.windpowerexpo.org

AUDIENCE: Wind energy industry supply chain stakeholders and manufacturers
FOCUS: Wind energy market forecast, how OEMs and supply chains are leaning manufacturing, offshoring and cost reduction, lowering production costs

MAY 13–15, 2014 Detroit, Mich.
Global SCM Leaders on Demand

2014 Automotive Supply Chain Conference

www.scmautoleaders.com

AUDIENCE: Automotive supply chain stakeholders
FOCUS: New forms of collaboration, re-engineered supply chains, new channels of customer interaction

MAY 19–23, 2014 Hannover, Germany
Deutsche Messe AG

CeMat 2014

www.cemat.de

AUDIENCE: Manufacturing, retail, supply chain, materials handling, warehousing, and distribution professionals
FOCUS: Dangerous goods: safety and disposal; green logistics for the global economy; job recruiting and career planning; retail, warehousing, and production logistics forum; materials handling exposition

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Inbound Logistics (ISSN 0888-8493, USPS 703990) is mailed on the 15th of the month for approximately 60,000 business professionals who buy, specify, or recommend logistics technology, transportation, and related services, by Thomas Publishing Company LLC, 5 Penn Plaza, NY, NY 10001. José E. Andrade, chairman; Carl T. Holst-Knudsen, president. Periodicals postage paid at New York, NY, and additional mailing offices.

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THE LAST MILE

100 million tons
of infrastructure materials transported by logistics provider Kuehne + Nagel to support 63 publicly funded projects to prepare Sochi for the Games

300+ Volkswagen minibuses
delivered by Russian Railways Logistics to transport Olympic volunteers and fans

$13.6 million
cutting-edge laundry facility transported by rail in 42 40-foot containers

5500 air & ocean miles
from Stockport, England, to Sochi by DHL to transport 8.8 tons of supplies and equipment for Great Britain's Olympic team

800 pieces of luggage
and equipment—more than 154 tons—handled by DB Schenker for the German Olympic team, including luges and bobsleds, ski equipment, and massage tables

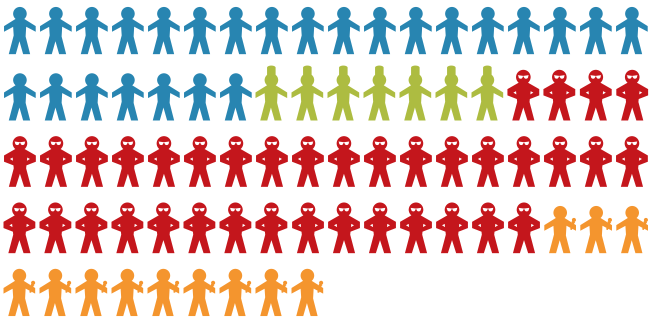
1800 tons
of broadcast, lighting, and sports equipment brought to Sochi by airfreight carrier Volga Dnepr Group in the year leading up to the Games

85 teams

98 events

17 days

25,000 volunteers & staff
7,000 chefs and waiters
37,000 security personnel
12,000 media



Sochi Logistics: An Olympic Feat

Coordinating 81,000 staff and crew over 17 days is challenging enough. But before the 2014 Winter Olympic Games in Sochi, Russia, could even begin, highly trained logistics professionals had to demonstrate their own gold medal skills.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